

OPINION

Look Here, She Could Say, Don't Call Me First Madam

By A.M. Rosenthal

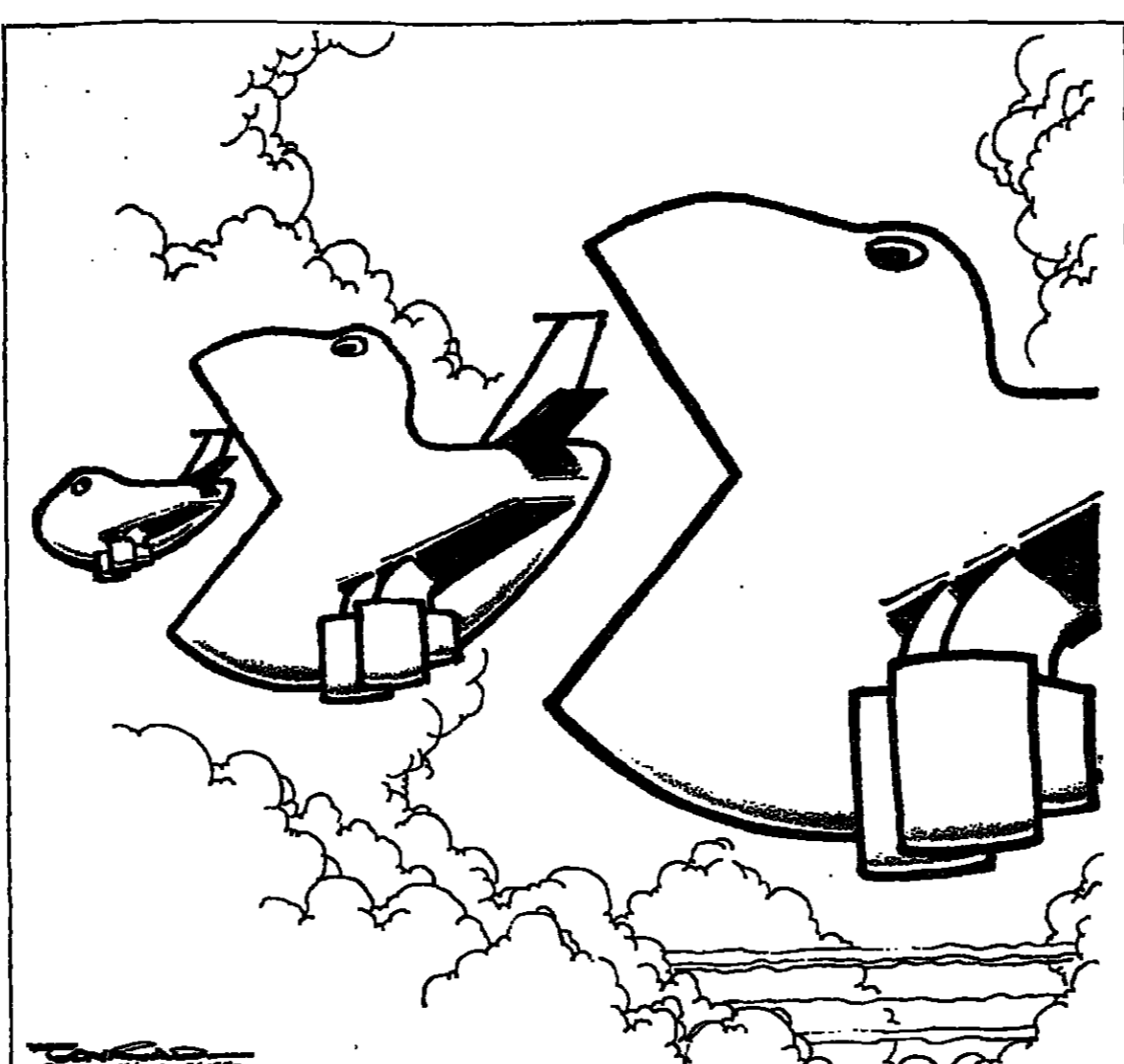
WASHINGTON — Right at the start, perhaps on Inauguration Day, the next first lady of the United States should ask government officials, press, television, diplomats and the whole country never to call her that.

ON MY MIND

royal status because she married a man who was later elected to high office. Denis Thatcher would never permit such indignity and neither, if that day arrives, would Evron Kirkpatrick. Simply raising the possibility of a first gentleman shows what an insult to women the phrase did not become widely used until 1911, when a play about Dolley Madison called "The First Lady of the Land" opened.

That's Sexist Drivel

WHO does Nancy Reagan think she is? According to detractors, she is a power-hungry megalomaniac. She is a power-hungry megalomaniac in onsting chief of staff Donald Regan made the president look like a wimp. That's sexist drivel. Whatever her reasons for wanting Don Regan out, her instincts were proved right by the Tower commission report.



Air Today, Gone Tomorrow, But It's Always Roy Cooper

By Ben Kamin

CLEVELAND — Not long ago, I presented myself to an agent at the New York Air counter. This was hardly unusual, since my plane ticket was tucked inside a bright-red folder marked "New York Air."

MEANWHILE

on? Solemnly he answered, "Sir, there is no such thing as New York Air." My caution had not been misplaced. I had heard something about mergers and takeovers. But the gravity with which the agent had vaporized New York Air concerned me.

LETTERS TO THE EDITOR

The Pace Is Picking Up

Your editorial "Europe of the Snails" (March 24), published the day before the European Community's 30th anniversary, is too pessimistic.

WILLIAM G. POETON, Vice-President, EC Economic and Social Committee, Brussels.

Just One Spy Per General?

Rafael Eitan, the alleged spy-master in the Pollard case, is more accurately Lieutenant General Rafael Eitan, retired, former Israeli Army chief of staff.

Not Missing in Action

Time after time, in articles referring to the hostages in the Middle East, I read that so-and-so was "captured." As I see this heinous crime, it is "abducted" or "kidnapped."

J.E. MARSH, Limassol, Cyprus.

On America's Death Rows

Some Americans may feel perplexed that Amnesty International, as you reported on Feb. 20, is drawing attention to the 1,836 inmates on U.S. death rows at the end of 1986.

JULIO AMORIN, Maroua, Cameroon.

What About the World?

After reading A.M. Rosenthal's "One Question for Cuomo: What About the Country?" (Feb. 27), I would add, as a

Literacy Isn't So Simple

The editorial "For Rebirth at UNESCO" (March 18) sees a very rudimentary role for UNESCO. Literacy campaigns have long been an obvious development activity of the organization.

VENDLA MEYER, Bures-sur-Yvette, France.

Vapors on the Vaporetto

I agree with William S. Crain (Letters, Feb. 17) about how irritating cigarette smoke is to nonsmokers.

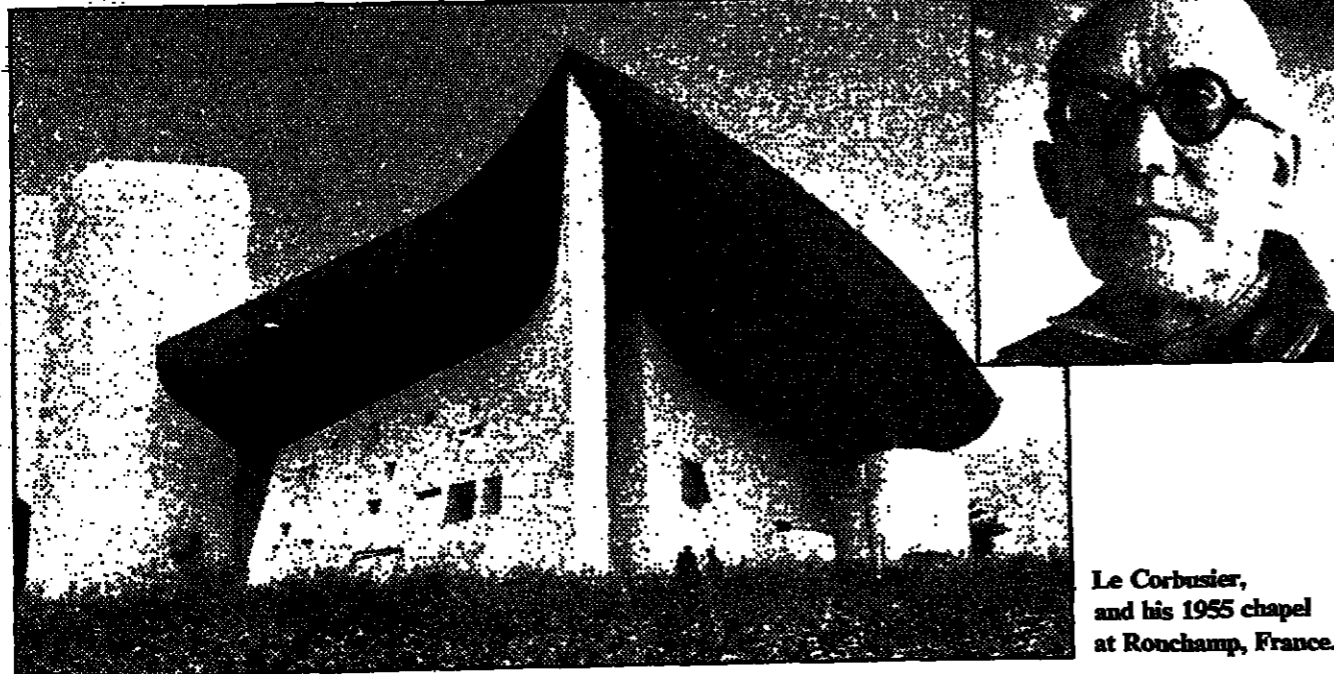
ANDREA STIPPEL, Venice.

Starting the Day With Dan

Thanks are due to France's Canal Plus for bringing us the daily rebroadcast of Dan Rather's "CBS Evening News."

G. NAESELLUND, Paris.

ARTS / LEISURE



Le Corbusier the Masterbuilder

By Paul Goldberg

LONDON — Le Corbusier never built a building in England. Yet his influence in this country far exceeded that in France, where he lived for most of his adult life.

Achilles' heel, his theories about the city and the designs he made in the late 1920s and early 1930s for the replacement of vast sections of Paris with a new city of tall slabs set amid open space and wide motorways.

This section opens, however, with a surprise, a little-known house that Le Corbusier designed in 1907 in Switzerland. It was provincial in tone, with a vague air of the Arts and Crafts movement to it, and it is almost sweet.

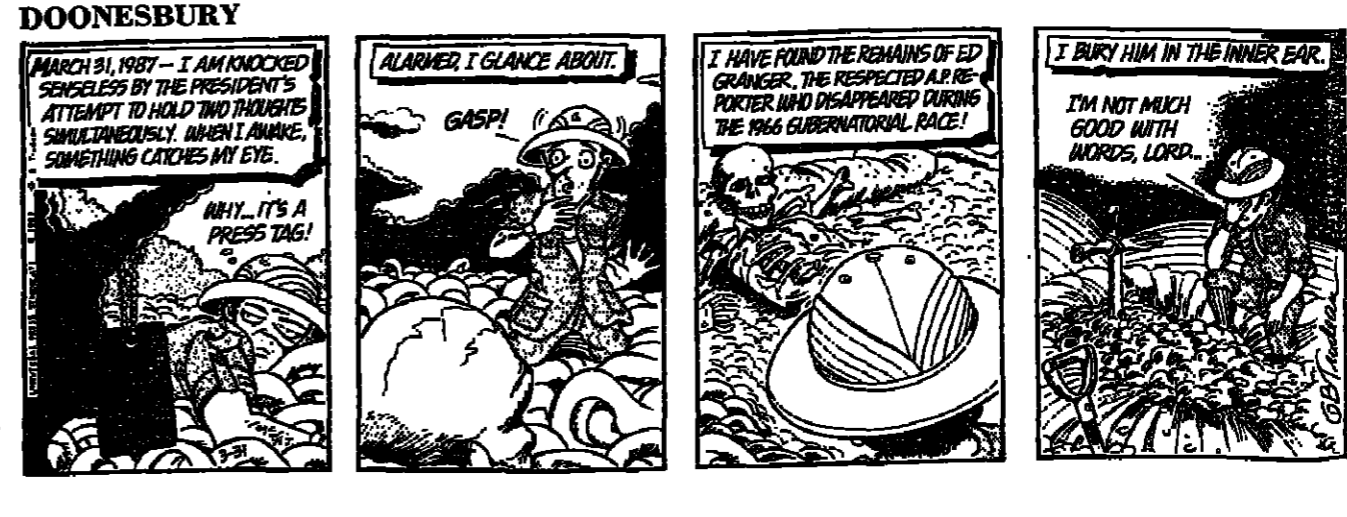
There could be no better final word, not only for this building but for all of Le Corbusier's career. His architecture was a profound exploration of form and space and light, as deep and mystical, in its way, as any religious quest.

The Can Man's Synthesis

By Mike Zwierin

PARIS — Irmin Schmidt, a founding father of the group Can and the synthesizer-oriented "Kraut Rock" school, which emerged with it, says he's fed up with synthesizers.

hearsals. I spent nights in Terry Riley's loft on the Bowery, we played his stuff together. I left New York thinking I must find something different to do.



made synthesizer that combined a cheap Farfisa organ keyboard and an electronic box with oscillators, modulators and so on. You could change the sound with a switch.

With the help of an engineer, Schmidt developed "his legendary" Alpha 77, a sort of custom-

NYSE Most Actives table with columns for Vol., High, Low, Last, Chg.

Market Sales table with columns for NYSE 3 a.m. volume, NYSE adv. com. close, etc.

NYSE Index table with columns for Composite, Industrials, Transportation, Utilities, Finance.

Monday's NYSE Closing logo with 'Via The Associated Press' text.

AMEX Diary table with columns for Class, Prev., Advancing, Declining, Unchanged, Total Issues, New Issues.

NASDAQ Index table with columns for Composite, Industrials, Finance, Insurance, Utilities, Services, Total Issues.

AMEX Most Actives table with columns for Vol., High, Low, Last, Chg.

Dow Jones Bond Averages table with columns for Bonds, Utilities, Industrials.

NYSE Diary table with columns for Advancing, Declining, Unchanged, Total Issues, New Issues.

Odd-Lot Trading in N.Y. table with columns for Buy, Sell, *BVI.

Dow Jones Averages table with columns for Industrials, Transportation, Utilities, Finance, Total Issues.

Standard & Poor's Index table with columns for Industrials, Transportation, Utilities, Finance, Total Issues.

NASDAQ Diary table with columns for Advancing, Declining, Unchanged, Total Issues, New Issues.

AMEX Stock Index table with columns for High, Previous Low, Close, Today's P.M.

To Our Readers: Because of the seven-hour time difference between New York and Paris until April 5...

MARKET: Dow Off 57.39 After Panic Selling

(Continued from Page 1)

lengthy correction. Instead, many observers breathed a sigh of relief at the downturn. Stock prices have been setting a record pace since the start of the year, periodically leaving analysts at a loss to explain a resilient rally in the face of poor fundamentals. Many analysts had suspected a correction was in the offing, although the timing was never certain.

Michael Sherman, portfolio strategist for Shearson Lehman Brothers, said that investors had been looking for an acceptable reason to take profits for weeks and that many of his institutional clients were accumulating cash in anticipation of a correction.

A Marshall Acuff, portfolio strategist at Smith Barney Harris Upham & Co., agreed. "It's been much expected and much anticipated," he said. "There is little likelihood that the decline will be sustained unless the dollar's exchange rate dropped significantly in the days ahead, he added.

By the close of the NYSE, declines steamrolled advances 1,521-222. The average share was off 98 cents.

Volume was 207 million shares, compared with 184.4 million Friday. Conrail was the most active NYSE-listed issue at 3 P.M., off slightly in its third day of trading.

IBM followed, ahead after recovering from earlier losses. AT&T was third, off. Harper & Row jumped 8 1/2 to 64 1/4 after Rupert Murdoch's News Corp. announced an agreement to buy the publisher for \$65 a share, or \$284 million.

American Express, trading ex dividend, was off in heavy trading. American Express filed with the Securities and Exchange Commission to conduct a public offering of up to 20 million shares in its Shearson Lehman Brothers brokerage subsidiary.

Other blue chips were mostly lower. General Electric, General Motors, Coca-Cola and Philip Morris all were losing. USX was up.

Other technology and semiconductor issues were mostly falling. Digital Equipment, Cray Research, Motorola, National Semiconductor and Unisys were lower. Texas Instruments was the exception, up.

Most oil issues were lower. Occidental Petroleum, Texaco, Exxon, Mobil and Chevron were falling. Phillips Petroleum was unchanged, after recovering from an earlier loss.

Drug stocks were lower. Squibb, Schering-Plough, Eli Lilly, Baxter Travenol and Johnson & Johnson were off.

On the American Stock Exchange, Texas Air led the actives, followed by Wickes and Wang Laboratories class B. All were lower.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

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(Continued on Page 16)

Herald Tribune logo and text: Reaching More Than a Third of a Million Readers in 164 Countries Around the World.

Vertical advertisement on the right edge of the page, including 'Business Room' and 'Swedish Ma'.

Pressures Blur Image Of Solidity

Continued from page 7

government changes in Bonn. This rule, in addition to the three-party system, has been a major pillar of political stability.

The first test will be in Hesse, which votes on Sunday. The local Social Democrats and Greens had formed the country's first red-green coalition and intend to renew it.

Economically, "1987 will be a year of great difficulty," according to an economist, reflecting the judgment of many of his colleagues. The economy is resilient and has great reserves of strength but economic growth will remain below expectations and unemployment, insufficiently slowed down by the recent tax cuts, is likely to grow again, he said.

Officials in Bonn speak with some vehemence of what they see as American and West European demands that West Germany "take the responsibility, single-handedly, for turning the world economy around."

They feel "beleaguered by these pressures," one official said.

A leading Christian Democrat expressed the intensity of emotions that this quarrel has touched off. West Germany, he said, will not give in to the American demands for greater growth because these demands make no sense.

"Our capabilities are limited; even if we were able to increase growth by, say, one percent, which we are not, it would have no real impact on the American economy." The government has forecast a growth rate of 2.5 percent, which is widely regarded as overly optimistic.

As for European Community demands for lower farm prices, "they are a poisonous prescription which would kill the German family farm," he said. Reflecting the depth of the contrast between the opposing perceptions, a foreign diplomat in Bonn referred to German family farms as "the most sacred of their sacred cows."

Another diplomat argued that West German politicians and business people had "become so obsessively concerned with stability that they are afraid of growth and prefer high unemployment, which they can afford because their welfare net is highly developed."

"There are tensions, but we do not want a trade war, which would weigh more heavily on our relations with our allies than any other conceivable issue, including disagreement on nuclear policy," a German official said. "A trade war would stir the emotions of West Germans far more than a hundred warheads more or less," he added.

Osipovsk — relations with the Soviet Union and Eastern Europe — is the bright spot in the current picture as it is seen from Bonn. The fact that a reduction of American and Soviet



West Germany's affluent consumers in a year of "difficulty."

nuclear arsenals in Europe is seriously negotiated, is a central concern.

The coalition parties can take credit for having stood firm in 1983, when the Pershing II and cruise missiles, which are now the Western bargaining chips, were deployed despite opposition from the Social Democrats and the peace movement.

But the discussion on the subject is strangely muted. It does not reflect the upsetting effect that the removal of the American missiles could have on the country's position in the alliance. The anti-nuclear militants who opposed the deployment of these weapons are not publicly jubilant over their removal, and government officials seem reluctant to take credit publicly.

The danger of being left to face the superiority of Soviet conventional forces without the protection of the American nuclear shield is being discussed in great technical detail by specialists but does not appear to have impressed itself, as yet, on average people. Some, on the political right, worry about a possible unraveling of the alliance — the "uncoupling" of the links between Europe and the United States that deployment of the Pershing was supposed to prevent in the first place. But this seems to be a minority view. "For once," said a conservative newspaper editor, "the Germans are not worried enough."

Foreign Minister Hans-Dietrich Genscher, the leader of the Free Democrats, was the first among European leaders to argue that the Europeans should respond quickly to the Soviet initiatives and engage Mikhail Gorbachev in negotiations. His repeated public statements have been well ahead of the far more reserved reaction of British and French leaders.

Under Mr. Genscher's influence, the West German strategy is to probe Soviet intentions beyond nuclear disarmament and to test whether a new period of general East-West détente has become possible. As officials in Bonn see it, the Soviet Union is 10 or more years behind the West in industrial technology and continues to lose ground. The new Soviet leaders, this thinking goes, want to reverse the trend and need better relations with the West for this reason.

"The real test will come when we ask the Soviets for concessions on conventional forces," an official said. "This, and their attitudes on political issues, will show whether the Soviets are ready for a new policy of mutual restraint and nonviolence or whether they are bargaining only for a temporary and limited advantage," he added.

Whether the thaw is temporary or permanent, Bonn is determined to exploit it. Osipovsk has entered a new, highly active phase. President Richard Weizsäcker is due to visit Moscow, perhaps as early as May. Both Mr. Genscher and Eduard Shevardnadze, the Soviet foreign minister, plan mutual visits.

In spite of the misgivings of the Western Big Three, the mayor of West Berlin, Eberhard Diepgen, is set to visit East Berlin to participate in a state ceremony there celebrating the 750th anniversary of the city and Erich Honecker, the East German leader, has been invited to a comparable celebration in the western part of the city.

HENRY TANNER is on the staff of the International Herald Tribune.

Defense Thinking Is a Weak Link In the Strong French Connection

By Peter Scholl-Latour

HAMBURG — Union is no longer an exaggerated term to describe the relationship between France and West Germany — so deeply interwoven have the bureaucracies of the two governments become and so close are the economic and personal ties at all levels. The full reality of this state of affairs, strangely, is less fully recognized by the West Germans than by the French, who are more deeply aware that their well-being is tied to the future of Germany.

For the West Germans, it is the relationship with the United States that evokes strong emotions — both for and against — and that dominates popular expectations for the future

The big strategic options of the two governments remain far apart.

defeat of 1945. While General de Gaulle, who engaged in lofty and sometimes excessive solo flights, created his own nuclear strike force and thus laid the foundation for a relatively relaxed French relationship with the American superpower, the West Germans are still chafing under their diplomatic and strategic dependence: They are asking not for their own nuclear weapons but, understandably, for the right to participate as full partners in any decision involving the use of these weapons in Europe.

This may be responsible for the contrasting French and German attitudes concerning nuclear power. For instance, in the case of the French power plant of Cattenom near the border in Lorraine. It may be that the negotiations on nuclear matters between the superpowers, whose secret is never completely lifted, and the fear felt by many Germans of being drawn into a nuclear inferno without being consulted touched off the psychological reactions in the Federal Republic that are so difficult for foreigners to understand. The rise of the Greens and the ecologist and Alternative movements has yet to be fully explained. It may be that beneath this romantic pacifism there are the first signs of a rise of neo-nationalist trends.

A majority of politicians from the Christian Democrats to the Greens regard the new Soviet pact with skepticism as well as hope. However, beneath this mixed reaction lies a profound change: The time is past when everything connected with the Soviet system was regarded as devilish. The willingness to coexist with the Soviet security system is not at all confined to the parties of the left.

Since Konrad Adenauer set the Federal Republic so firmly on the Western track, leading to its integration in the Atlantic alliance and the European Community, it is only natural, as the years pass, that another concept is re-emerging: The term "Middle Europe" is gaining currency again.

Interest in the history of Prussia and Saxony is being revived on television, the 750th anniversary of the founding of Berlin is being celebrated — all this reminds the Germans of their central place in Europe. As a result, there is a timid revival of traditional national consciousness, which is gradually superseding the postwar tendency to disown history. Even though the political and cultural intolerance and economic backwardness of the Soviet system remain repugnant, the initiatives of Mikhail Gorbachev have stirred a new fascination with Russia. Détente, including nuclear disarmament in Europe, is regarded by many Germans as a milestone on the road to the rapprochement between the two German states

that is already well advanced on the cultural level.

The French, as continental allies, have more understanding than the British and Americans for these German attitudes and geographical pressures. Paris is conscious of the difficulties that are in the offing for the French-German alliance. Even if it is not in Moscow's interest to nourish any West German illusions about the possibility of reunification of the two states, the Soviet Union may use its influence in East Berlin to induce the Bonn government and political parties to make concessions. On the Rhine, there is a growing suspicion that West and East Germany both are pawns in the big chess game of the superpowers.

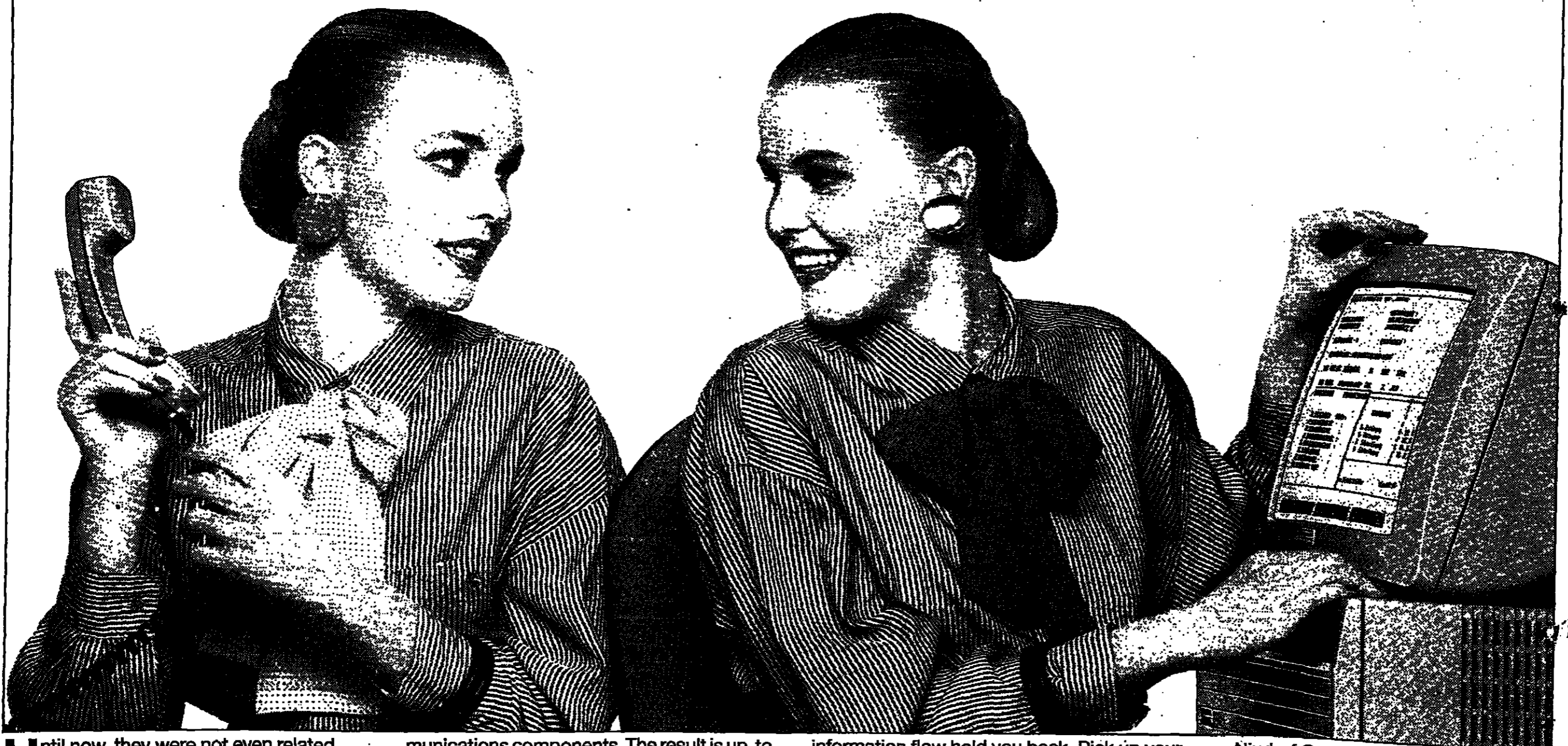
If the nuclear zero option, which Bonn had originally demanded and is now hypocritically praising, is adopted, it will make a basic rethinking of the defense concepts of the Atlantic alliance inevitable. The Reykjavik decisions raise questions about the American nuclear umbrella, and an eventual drastic reduction of the American military presence in Europe cannot be excluded.

But the logical consequence that Mr. Schmidt wants to draw from this situation — namely, the creation of a self-reliant, integrated Franco-German defense potential — will not be drawn any time soon. All declarations to the contrary notwithstanding, it is clear that Washington would be against any tendency of the European pillar of the alliance to become more independent. And the Soviet Union would, with all the means at its disposal, oppose the strategic consolidation of Western Europe, which, in Moscow's analysis, could lead to a new German hegemony over the continent.

Between the reality of European unity, which, hopefully, is irreversible, and the perspective of a rapprochement of the two German states, which could be used by the Soviet Union as a means for destabilizing Europe, the Federal Republic finds itself necessarily in an ambiguous position. The Germans, throughout their history, have been part of the West and at the same time open and available to the East. The contradictions between these two strains of history have often led to disaster. It will take great statesmanship and suppleness for West German politicians if they want to bridge these contradictions in a way that would be acceptable for both West and East.

PETER SCHOLL-LATOURE is a German television journalist and author of best-selling books on international affairs. He is a director and former editor in chief of the weekly Stern.

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Vertical text on the right edge of the page, including "TUESDAY", "INTE", "End of May B", "B", "MANY", and "Q".

Social Issues

Disputes Among Historians Indicate Changing Cultural Moods

The issue is whether the identity of Germans today should still be overshadowed by the 12 Nazi years.

By Christoph Bertram

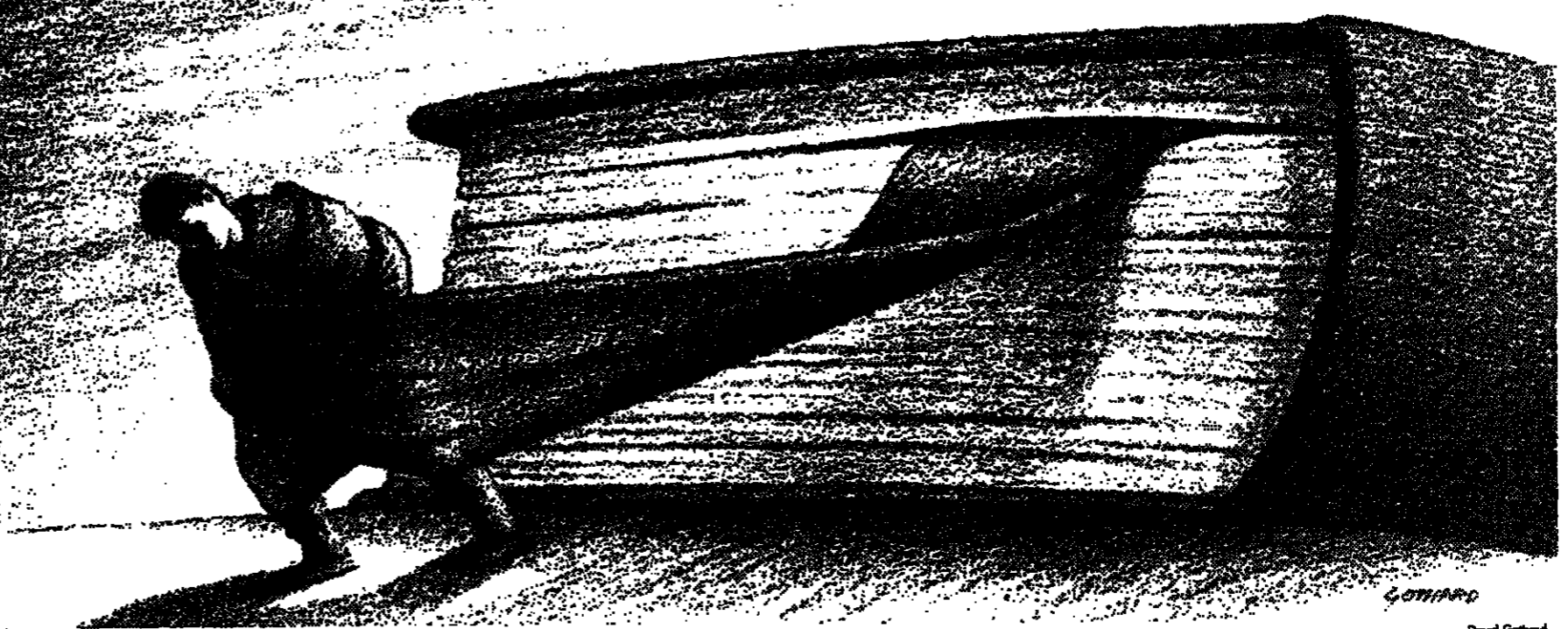
DIFFERENT countries have different ways of debating the trends of their time: In France, the "new philosophers" reflected the growing disenchantment of the Left with Soviet Marxism and its most terrible product, the gulag. In Britain, that happy country where intellectuals are still not classified by specialty but respect for their general education, the letters page of The Times remains the prominent forum for the battle of ideas.

Berlin Professor Ernst Nolte, a man characterized by Craig as "more of a philosopher than a historian, with a penchant for making startling comparisons or posing daring hypotheses, often in the form of questions, which therefore do not require an underpinning of proof." Nolte's piece printed in the country's major daily, the conservative Frankfurter Allgemeine Zeitung, culminated in one such question: whether the idea for Auschwitz had originated with the massacres of the Soviet Union and whether the Nazis and Hitler had perhaps committed their atrocities only because they regarded themselves as the potential or real targets of an "Asiatic" deed. "Was the gulag," Nolte asked obscurely, "not more original than Auschwitz?"

In normal circumstances, the strange utterings would have passed over as the maverick views of an ivory-tower academic. But there are no "normal circumstances" in a country whose name has become linked with the greatest crimes in history and which, to its credit, has tried hard not to forget this. The man who took up Nolte's challenge was no historian, but West Germany's leading leftist sociologist and philosopher, Jürgen Habermas. Rather than ridiculing Nolte's strange suggestions, he took them very seriously. Behind it all (and other, similar remarks by historical writers), Habermas detected less a rearrangement of the past than an attempt to instill, in West Germany today, a new sense of identity and patriotism by putting Auschwitz in the same "category" as other 20th-century atrocities. And soon every self-respecting historian was joining the battle.

MOREOVER, few countries have experienced a more turbulent history over the past 120 years: from the loosely knit German federation of the first part of the 19th century to Bismarck's Reich; from the ruins of World War I, the ravages of inflation and depression to murder and destruction under the Nazis; from capitulation in 1945 to national division; from bankruptcy then to prosperity now. As Germans try to find out what they are about after all these traumatic experiences, they quite naturally turn to the historians to provide them with a sense of where they come from and also, perhaps, where they are going.

If followed, as these things are perhaps bound to, an almost predictable course. Joachim Fest, highly respected journalist and Hitler biographer and now one of the editorial directors of the Frankfurter Allgemeine Zeitung, led the counter-counterattack by claiming that, after all, Nolte's questions could not be dismissed out of hand, and that there were indeed reasons to doubt the "singularity" of the Nazi crimes. The historians rallied mostly to Habermas: Nolte's suggestion that Hitler had followed an "Asiatic" model was analyzed, dissected and roundly rejected. All agreed that the Nazi atrocities, the bureaucratized, mechanical and mechanized murder of millions of human beings cannot ever be equated with other mass crimes, not in Stalin's Russia nor in Pol Pot's Cambodia. Nolte responded in Die Zeit in typical fashion: "The gulag is more 'original' than Auschwitz for the simple reason that the originators of Auschwitz were aware of it and not the other way around. But there exists nevertheless a qualitative difference between these two events. It is impermissible to overlook these differences, but it is



David Goffard

even more impermissible not to recognize the relationship." And even Habermas, in his final riposte called this "a thoughtful contribution."

And yet, the impact of the dispute, which touched many in the German intelligentsia deeply, cannot be explained by its historical arguments, important as they may be. As such, they have little novel value in a society that only a year earlier had discussed with German thoroughness the lessons of history on the 40th anniversary of May 8, 1945. Four decades after Hitler's death, it is virtually impossible not to find, in any edition of the national newspapers, references to events during those dreadful 12 years, 1933 to 1945. Indeed, the coverage is so extensive, the memoirs of the survivors so widely reviewed, the dates of Hitler's rise and fall so meticulously chronicled, that clearly this remains a major preoccupation of Germany's thinking classes. Of course, as new generations come forward, memories recede and the fixation on the past, however morally justified, inevitably acquires a degree of ritual. But perhaps there is no other way in which human societies can cope with the burden of historical guilt, and the seriousness of these attempts is not in doubt.

ment went, was being misused to serve the political interests of conservative restoration. The vehemence of the debate can indeed only be understood in this context: It was not just another quarrel over the guilt of the Germans but over the role that this guilt should play in defining the identity of the nation. Behind all the academic arguments, the real debate was about the future consensus on West Germany's political identity.

WHY did it break out now? For one, the government of Helmut Kohl, unlike all its predecessors, has put itself firmly into the context of "normalcy." From the start of his tenure, Kohl has presented himself as West Germany's first chancellor of the generation born after the war. He has, it is true, found moving words on occasions to underline that Germans can never escape from their past. It is also true that his desire to make Germans understand that their history reaches back much further than 1933 has been shared by practically all his predecessors. But Kohl, in contrast to them, has sought more directly and perhaps more crudely to give to his compatriots a sense that they have no reason to run around in a hair shirt any longer. Kohl's acts of historical reconciliation have thus not been with the persecuted of the gas chambers (like Adenauer's agreement with Ben-Gurion for material compensation for the Jews or Willy Brandt's kneeling before the Jewish memorial in Warsaw) but with those killed on the battlefields: Kohl joined hands in Verdun with President Mitterrand and at the military cemetery of Bitburg with President Reagan. And he no longer acts as if the burden of Germany's Nazi past rests heavily on his shoulders.

This is probably not just a matter of generations and probably no coincidence that the dispute between those who want to emphasize "normalcy" on the right and those who protest the "inherent abnormality" of the German existence on the left occurs at a time when the West German political consensus is showing severe signs of strain. Within the society, as well as in the international framework within which the country must operate, there are growing signs of shift and doubt. Domestically, the authority of the large political parties has suffered as voters have become less and less classifiable by social class and affinity, and the authority of the center has progressively been weakened as local and regional matters have increasingly come to the fore. Internationally, the relationship with the United States has been strained by the clash between Reaganite ideologies in America and an often no less intense anti-Reaganism in West Germany; NATO and its doctrine of deterrence have been thrown in doubt by the emotional nuclear debate; the European Community seems to have decayed to petty bargaining over farm subsidies and steel quotas, while at the same time new possibilities for contacts and cooperation with East Germany seemed to open up and with it a new curiosity in West Germany about the cousins across the Elbe.

WEST German society, for all the quarrels, polemics and excitements of the 1980s, remains, after all, basically content with the status quo — as long as it does not pose awkward alternatives. Normalcy has set in in West Germany, and time is a force that not only reconciles with the past but also with the present. By and large, Helmut Kohl reflects a widespread feeling in the country: West Germans feel satisfied with their existence. The recurrent debate over "German identity" is no proof to the country — after all, Germans have always been fond of discussing what they are and why; it is the favorite parlor game.

What uncertainties exist would seem to be quite natural in a phase of domestic and international flux. They will get into something more serious only if the politicians fail to provide leadership — and no historian can do that job for them.

CHRISTOPH BERTRAM is diplomatic correspondent of the weekly Die Zeit.

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THE PLACE TO MEET INTERNATIONAL TRADE FAIRS

Table listing various international trade fairs for 1987/88, including dates and locations like SPO-Autumn, IGAF, INTERMONT, etc.



MESSE MÜNCHEN INTERNATIONAL

Merging Giants: The Start of a New Corporate Era

By Edward Roby

BONN — The temptation to build corporate empires seems to be stirring again in West Germany after a long postwar dormancy.

The victorious World War II allies had identified the tendency to erect market-dominating structures in industry as a peculiarly German vice. They found it unusually threatening and set out to crush it under the unofficial occupation policy slogan: Demilitarization, Decartelization and Denazification.

The biggest target of the decartelization program was the I.G. Farbenindustrie AG fusion of the export-oriented German chemical industry, which developed the poison gas that made its debut in World War I as well as a list of ingenious synthetic products that have transformed the modern world.

A made-for-television epic based on the rise and fall of IG Farben with Burt Lancaster in the role of a chemical industry patriarch became a prime-time hit on German television over the Christmas holidays. The film delivered a frank portrayal of the world's biggest chemical industry as a tool of militarism and per-

verse nationalism side by side with its Nobel prize-winning glory and incomparable scientific achievements.

And it came at a timely juncture in West Germany's development because the peril of economic concentration is again a topic of public discussion.

Last autumn, Aachener-Münchener, one of West Germany's top five insurance companies, agreed to pay 1.85 billion Deutsche marks (\$1 billion) for the acquisition of the union-owned Bank für Gemeinwirtschaft, the country's eighth largest bank, when the German Labor Federation ran into severe financial difficulties. This takeover followed closely on the country's most spectacular postwar merger, in which Daimler-Benz paid 1.6 billion DM to absorb the giant but troubled electrical concern AEG.

It was just one in a string of rapid-fire takeovers through which the Mercedes automobile maker catapulted itself into the No. 1 position in West German industry last year. The car company also acquired MTU Motoren- und Turbinen-Union and the family-owned Dornier aerospace firm, both of them high-profile defense contractors.

The trend toward concentrations in the form of conglomerate mergers became visible for the

first time with the AEG and Bank für Gemeinwirtschaft acquisitions, commented Wupper and Partner, the Hamburg merger specialist, in its annual report for 1986. "A new era in German corporate history was initiated with this."

The Wupper report, titled

resulting firm, observed in the report. The trend was nowhere more visible than in the service industries, particularly in publishing, banking and computer software, the report said. In the industrial and manufacturing sectors, it said, the merger bug was especially active last year in

billion DM to acquire Celanese Corp. of the United States. The Bertelsmann media concern, meanwhile, took positions in Doubleday Books and RCA for 1.8 billion DM. Deutsche Bank plunked down 1.2 billion DM for the Italian unit of Bank of America and Volkswagenwerk bought into Spain's SEAT for 1.1 billion DM.

In its impact on the domestic economy, the recent German merger wave fades to insignificance beside the frenzy that swept through the U.S. oil industry a few years ago. But some critical observers of the forces that produce concentration in the West German economy have contended that such straightforward, cash-and-carry commercial acquisitions may be only the tip of the iceberg.

Wolfgang Kartte, a chief of West Germany's Berlin-based antitrust office, has warned that the real danger of economic concentration might lie in the country's largely unregulated universal banking system, which permits a few influential commercial banks to maintain extensive portfolios of corporate shareholdings.

Deutsche Bank, the country's largest credit institution, for example, owns 28.5 percent of Daimler-Benz, the largest industrial company, and both Dresdner Bank and Commerzbank, the other two members of German banking's "Big Three," also have a stake in the car company. Deutsche Bank Co-Chair-

man Alfred Herrhausen, named last year by a business magazine as the most powerful man in West Germany, is credited with playing a key role in the Daimler-Benz acquisitions. And Deutsche Bank, which has major holdings in many blue chip concerns, has its representatives on about 150 supervisory boards of industrial companies.

A report filed last summer by West Germany's public monopoly commission revealed that Commerzbank held stock in 10 of the country's 100 biggest non-banks, and Deutsche and Dresdner, along with the giant Allianz insurance group, had a partial stake in eight apiece.

The commission, which called for a 5 percent cap on corporate participation by the banks in other industries, cited two cases in which it said bank influence may have neutralized an official ban on proposed mergers of retailing and manufacturing companies active in the same business.

Hanns C. Schroeder-Hohenwirth, who in March concluded a four-year term as president of the German Banking Federation, calls such criticism unfair.

Mr. Schroeder-Hohenwirth and the head of Commerzbank, Walter Seipp, have said that legislative moves to restrict banking participation in industry could have damaging consequences for the economy.

EDWARD ROBY is United Press International bureau chief in Bonn.

The peril of concentration is again a topic of discussion.

"Who Is Buying Whom?" cataloged 1,724 mergerlike transactions involving West German companies last year, a burst of activity that it said was up more than 30 percent from the 1985 level. German corporate strategists, in arming themselves for the challenges of the 1990s, are recognizing that taking a position in an existing firm can be surer and cheaper over the long haul than starting from scratch in a new field, the report said.

A new momentum toward concentration within branches is visible on a broad front, Jürgen Wupper, chief of the merger con-

chemicals, pharmaceuticals, machine tools, electronics and data processing and controls technology.

The Siemens electrotechnical concern led the list of the top 10 buyers with 24 acquisitions in 1986, followed by the soon-to-be privatized Veba energy conglomerate, Deutsche Genossenschaftsbank and the Axel Springer publishing house.

West Germany's corporate empire-builders invested heavily in foreign markets last year, too, with the Hoechst chemical concern, once a part of the IG Farben colossus, paying a record 5.7

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 **Lufthansa**

EC's Complaint

Continued from page 7

West German diplomats deny this.

"There's certainly no government money set aside with the aim to persuade firms not to cooperate with somebody abroad," a diplomat said. He and other German officials argue that any increase in national subsidies reflects the needs of the targeted sector and are not an effort to undermine competing EC programs.

An oddity in the controversy concerns the role of West German companies, universities and research institutes. While the Bonn government appears skeptical about most EC research programs, West German organizations are enthusiastic in certain cases.

In the EC's program for industrial engineering, there are more firms from West Germany than from any other EC nation, sources say. West German organizations are also prevalent in programs on nuclear fusion, the one area that the Bonn government fully supports as appropriate for joint research.

However, the record is spotty. The commission refuses to disclose precise statistics, but West German firms are said to be underrepresented in Esprit, while there has been little enthusiasm for Race, the EC telecommunications program. Race is still in its definition stages, so the extent of future West German participation is not clear.

PETER MAASS, a journalist based in Brussels, writes frequently for the International Herald Tribune.

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Economic Trends

Economy, at Crossroads, Is Caught in Social Net

Continued from page 7

resulted in a 3.8 percent rise in domestic demand in 1986 from 1985.

Most economists see another 4 percent to 4.5 percent rise in 1987. Other European countries and the Reagan administration have pushed the West German government to further stimulate domestic demand as a means of raising import levels, thus easing the huge U.S. trade deficit.

The trend represents a fundamental change of impetus for the economy. Economic growth in 1986 and 1985 was powered by record-high export levels. West Germany's trade surplus soared to a record 112.2 billion DM (\$61.65 billion) in 1986, breaking the old mark of 73.4 billion DM set in 1985. Exports account for one-third of the nation's economic output.

The nation's current account registered a record surplus of 77.8 billion DM in 1986, starting the old record of 38.9 billion DM set the previous year.

For 1987, most economists are projecting a trade surplus of 100 billion DM and a current account surplus of about 60 billion DM.

But the dollar's plunge to around 1.82 DM currently from a peak of 3.47 DM in mid-1985, has severely hurt exports. In volume terms, exports fell 0.6 percent in 1986 from 1985, but due to vastly improved terms of trade, the nominal levels, which do not factor in prices, rose.

Exports are seen falling about 1 percent in 1987, although a further dollar decline would be a serious blow. But as one West German economist said, well-off Americans still want BMWs and Porsches whatever the price. Also, the majority of German exports go to countries other than the United States.

However, West Germany's highly export-oriented industry is responding to the steep drop in foreign orders for German goods by cutting back capital goods investment, cutting production and inventory,

and taking further restructuring measures, including laying off workers.

That further aggravates unemployment, which has been a persistent problem for the Kohl administration. In February, unemployment totaled 10 percent of the work force, or 2.4 million persons, down from 2.5 million in January. West Germany's unemployment totals are usually higher in winter because the construction industry frequently shuts down due to weather conditions.

The government is reacting by sticking to its guns. Employment Minister Norbert Blum says the government's policy is still creating new jobs through continued economic expansion, rather than financing make-work schemes that offer at best a transitory solution.

The nation's unions have a different idea. In current labor negotiations, the IG Metall metalworkers union is again pushing its proposal to shorten the work week to 35 hours as a way of reducing unemployment. The union's position is that workers get the same pay for 35 hours that they now get for 40 hours or 38.5 hours, plus a 5 percent raise and no overtime work.

Proposals for shortening the work week touched off a bitter, six-week metalworkers' strike in the summer of 1984 that virtually closed down West Germany's huge automotive industry. The dispute was resolved with a compromise on a 38.5-hour work week in the industry.

There have been several minor warning strikes by the metalworkers thus far in 1987, and the issue could turn into a major problem for the government and employers, who are firmly opposed to it. The government also wants pay increases to be limited, to help fight inflation.

The danger of possible strikes could lead to a further worsening of the climate among businesses and consumers," said an economist for Westdeutsche Landesbank Girozentrale AG in Düsseldorf. "We also see a trend in the coming months for only

relatively weak declines in unemployment and a slowdown in new employment."

Looking beyond the labor front, there are some positive signs for the West German economy. Interest rates are low. The Bundesbank's key lending rate, the discount rate, was cut in January to 3 percent, from 3.5 percent, putting it at its lowest levels since 1959. Money market interest rates are steady at around 3.8 percent.

Karl Otto Pöhl, president of the Bundesbank, West Germany's central bank, recently told a group of top bankers that he sees room for a possible further discount-rate cut. But he has also said monetary policy has gone about as far as it can to boost the nation's economy, and fiscal policy must take over.

Fiscal policy is the realm of Finance Minister Gerhard Stoltenberg, who played a leading role in the meeting of the Group of Seven industrial nations in Paris, in late February. At that gathering, West Germany promised to beef up a tax cut scheduled to go into effect in January 1988. The Group of Seven consists of Britain, France, Italy, Japan, West Germany and the United States. Italy boycotted the February meeting.

On Feb. 25, the coalition agreed to lower the corporate tax rate to 50 percent from 56 percent and to reduce the top personal income tax rate to 53 percent from 56 percent. The minimum personal income tax rate is to be lowered to 19 percent from 22 percent.

But the tax-reduction proposals have drawn fire, both for what they include and what they leave out.

Michael Zapf, managing director of the Bank in Liechtenstein in Frankfurt, likens them to the "creative accounting" described by the former White House budget director, David Stockman, in his book on the early days of the Reagan administration.

Mr. Zapf calls the tax package, "a rosy scenario with a magic asterisk," and questions the underlying economic assumptions.

"In a prudent bookkeeping sense," Mr. Zapf said,

"the entire financing of the tax reform package remains unclear. Under a worst-case assumption, it is perfectly possible that the next years will see a significant increase in public sector borrowing requirement. Should such a drastic increase in public debt occur, the public sector will crowd out the private sector and interest rates will rise."

Other economists have questioned whether the tax cuts should be moved up to this year. So far, the government has given no sign that speeding up the cuts is being considered.

The tax-reform package did not include the abolition of West Germany's stock exchange turnover tax. Top government officials had repeatedly said the turnover tax would be done away with in the current legislature's tenure. The failure to include it on the government's legislative agenda has been harshly criticized.

"It's a great disappointment," said Rüdiger von Rosen, executive vice chairman of the West German Stock Exchange Association, the umbrella group of the nation's eight bourses. "The reason being given for this abrupt about-face, that it would cause a loss of about 750 million DM in tax income that can't be recovered, is in no way believable. The efforts by the government, banks, stock exchanges and the Bundesbank to make West Germany a more competitive, international financial center have lost credibility, here and abroad."

West German voters returned Mr. Kohl's coalition to power on Jan. 25, although with a sharply reduced majority in parliament. The government, which assigned cabinet posts in early March after weeks of negotiations, is just beginning to plot its route through the tangled terrain of economic necessity and political expediency. But faced with the prospect of slowing growth, simply "carrying on" appears certain to be the road not chosen.

FERDINAND PROTZMAN is a correspondent for the International Herald Tribune based in Frankfurt.

Industry

Outlook



Automobiles

The market for passenger cars, following a record year of output and new registrations, is unlikely to match growth recorded in 1986. The stronger Deutsche mark is making West German cars more expensive abroad. And growing imports may squeeze sales in lower- and middle-priced automobile brackets, while increasingly affecting the market for luxury automobiles.



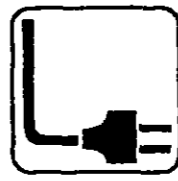
Steel

Steel output, affected by the stronger Deutsche mark, growing exports and the decline in the oil market, dropped by 7 percent in 1986. No fundamental improvement is expected in 1987. Market share for mass steel will continue to be lost to developing countries, and the market for steel pipe will yield more ground. Profit margins may be eroded further by the weak dollar.



Mechanical Engineering

Output for 1987 is assured because of a sizeable volume of orders in hand. But foreign business, which accounts for 65 percent of the total, faces certain risks because of the declining dollar, depressed oil prices and the threat of import restrictions in the United States. Maintaining market positions may cost in earnings, but increases in the work force are expected.



Electrical Engineering

Electrical engineering output for 1986 grew at a rate of 5 percent. For 1987, production in the sector is expected to expand by 3 to 4 percent. Data processing and information technology sectors are backing off, but energy technology, auto electronics, drive and control technology and consumer goods are strengthening. Investment is expected to grow by 10-12 percent in real terms.



Chemicals

Industry sales dropped by nearly 6 percent in 1986, following a decline in oil-market prices and the weakening of the U.S. dollar. With uncertainties persisting over the direction of oil prices and exchange rates, moderate growth in output of 2-2.5 percent is forecast. Employment is expected to increase by about 1.5 percent. Plans for capital expenditures call for a real increase of 10 percent.

Graphics: Isabel Curé-Moutset

Source: Commerzbank

Siemens: Global Game and 'European Solution'

A survivor plays catch-up ball in computers.

By Vivian Lewis

MUNICH — With one exception, the great names of the West German electrical industry are now but footnotes to history, bankrupt or taken over: Grundig, AEG, Telefunken. The main survivor is Siemens, vying with Philips of the Netherlands for top rank in European sales, and fifth rank in the world, after IBM, GE, Hitachi and Matsushita.

Siemens' board chairman, Karlheinz Kaske, 59, a doctor of engineering and a pragmatist, told a French journalist, "My colleagues of the management board and I do first of all what is good for Siemens. So much the better if it is also good for German industry. But Germany represents only 5 percent of the world market for electrical and electronic products."

To be sure, Siemens is West Germany's and Europe's largest private-sector employer, with 363,000 employees, 20 percent of them university graduates. But Siemens officials say that their strategy is worldwide in the first instance and focused on building up the company's presence in the United States in the second. North America in 1986 accounted for 10 percent of Siemens' total sales, after West Germany, 47 percent, and the rest of Europe, 26 percent.

In the last annual report, Siemens boasted that its integrated services digital network system had been sold to four of the seven regional Bell operating companies in the United States. Its Hickory, North Carolina, joint venture with Corning is the world's largest manufacturer of optic fiber cables.

All of which makes it a bit difficult to appreciate

the logic of Jacques Delors, president of the European Commission, who urged the French government to let Siemens become the foreign 20-percent shareholder in Cie. Générale de Construction Téléphonique (CGCT) now being sought by the French government. This, Mr. Delors wrote in Le Monde, "is a European solution."

Some staff members at Le Monde feel the commission's real concern is keeping Siemens involved in European programs, like RACE for broad-band cellular radio research, EUREKA for basic research and ESPRIT for computers.

Siemens is playing catch-up ball in computers. Here, too, it is sometimes a good European, using European standards (Unix in its X-open variation, also used by Bull, Ericsson, ICL, Nixdorf, Olivetti, Philips, and Unisys and Digital Equipment Co. of the United States.)

Siemens is less of a presence in computers than it could be. Sales in 1986 of its communication and information systems group came to 9.1 billion Deutsche marks (\$5.1 billion), just inching ahead of telecommunications. But in addition to data-processing systems, this division includes value-added communication systems, in-house telecommunications for companies, fax and telex machines. The mixture of quite different products in one division is typical of Siemens' way of reporting its results.

Unlike other world-class electrical conglomerates, such as IBM, Hitachi or Philips, Siemens has only half-heartedly tried to make inroads in the computer industry. But last November, in a major switch, Siemens opted to join BASF in creating a new West German company, Compax (capitalized at 80 million DM), to produce IBM-compatible personal computers and more peripheral systems.

Siemens' sales and orders in communications and data systems in 1986 increased by 10 percent. The mainstay of Siemens' presence in the market is its family of general purpose computers, 3,500 of which have been installed in Europe. By adding PCs from Hitachi, Siemens hopes to develop a range of compatible machines based on the same software, which can interface without interference.

Can Siemens catch up in chips and computers while taking on a problem French telecommunications

firms? The means are not lacking. Siemens is the most heavily capitalized West German-quoted industrial company, accounting for 10 percent of the stock market index.

Siemens' chip strategy worries the stock market, in part because the pay-back for the firm is far down the pike and depends on costs as well as technology. Unlike IBM or even Philips, Siemens lacks a sufficient "captive market" for the chips its Munich plant will produce and its Regensburg unit will test and assemble with all costs to be incurred in marks.

Another problem for the market in sizing up this conglomerate is the obscurantist presentation of the accounts. Until this year, Siemens used to report separately for the power station company in the group, Kraftwerke-Union. But a lack of orders for

KWU following Chernobyl and the Green Party movement was painfully obvious last year—and was the major reason that Siemens did so poorly. The company's reaction is typical: In 1987, KWU will be consolidated and its troubles will be hidden.

Telecommunications order books and sales failed in 1986 to match levels reached the previous year, partly because currency factors shrunk growth, and partly because the firm failed to get contracts as large as had been delivered in 1985. As a result, communications and data-processing overtook this division for second place in sales (after electrical engineering). But Siemens is convinced that 1987 will be better.

VIVIAN LEWIS is a Paris-based financial journalist.

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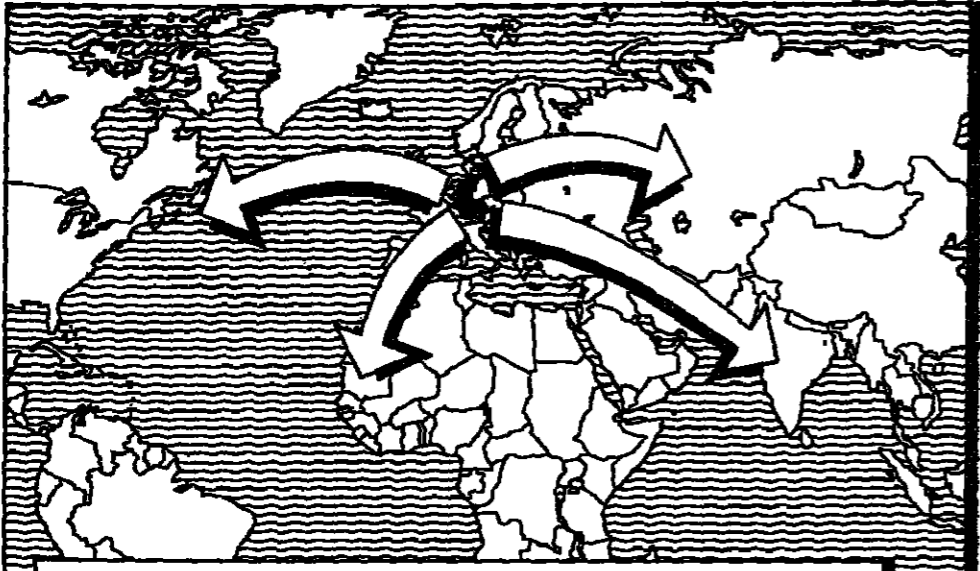
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TRADE PROFILE

Export Ties Across the Globe



Dollar, Recessions Affect Orders

By Wellington Long

BONN — West German exports have been suffering since the spring of 1986 from the effects of the declining U.S. dollar as well as from economic stagnation or recession in many foreign markets.

depend less on the exchange rate of the U.S. dollar than on the economic situation in the customer countries. For this reason, the Institute predicts that West German exports may increase slightly this year, although they could drop off in 1988.

Soviet Union and Eastern Europe

Exports to the Soviet Union fell off by 11 percent during the last year, primarily because the prices for raw materials, West Germany's main export items, dropped so sharply.

markets by developing joint enterprises with Soviet state-owned firms. Many details of such potential arrangements, which are being actively promoted by the Soviet Union, have yet to be clarified.

United States

Despite the steadily declining dollar, West German exports to the United States fell only minimally during 1986, by one-half of one percent.

Western Europe

The states of the European Community remain West Germany's largest export market, France being the largest customer. While firms implement manufacturers in other countries reported serious difficulties, West Germany's tractor makers recorded considerable export successes, particularly within the EC.

Asia

Exports to Asia fell off slightly, by three-tenths of one percent, although West German imports from that area increased by almost nine percent.

Middle East

Exports to the Middle East region, particularly to the oil- and gas-producing countries, declined sharply last year, in some cases by up to 30 percent.

Close Relations

What Washington Wants

By John M. Goshko

WASHINGTON — With the formal re-election of Helmut Kohl as West Germany's chancellor, U.S. officials anticipate four more years of close ties with a leader whose center-right policies have put him only a hair behind British Prime Minister Margaret Thatcher as the Reagan administration's favorite West European ally.

While U.S. officials privately say they still want Mr. Hamadei extradited, they have ceased pressuring Bonn and have said they will await the results of extradition proceedings in the West German courts.

The most likely arena for greater political interplay between the two governments is the Atlantic alliance and what approach the United States and its North Atlantic Treaty Organization partners should take toward the "openness" initiatives of Soviet leader Mikhail S. Gorbachev, particularly in arms-control.

The strong showing made by Mr. Kohl's coalition junior partners, the Free Democrats, in the January national elections is regarded in Washington as having increased greatly the influence of the Free Democratic leader, Foreign Minister Hans-Dietrich Genscher, while marking a decline in the power of Mr. Strauss and the Christian Democratic right wing.

Its most immediate effects, though, almost certainly will involve West German efforts to foster support within NATO for speedy pursuit of a U.S.-Soviet agreement on the removal of intermediate-range nuclear missiles from Europe.

THE Kohl-Genscher coalition, anxious to claim the political credit with the West German public, seems certain to be in the forefront of NATO countries pressing Washington to move full speed ahead on testing the possibilities of an agreement with Moscow.

However, other aspects of the larger East-West picture could cause some minor frictions between the two allies. As part of Bonn's opening to the East, the Christian Democratic mayor of West Berlin, Eberhard Diepgen, has invited the East German leader, Erich Honecker, to visit the western side of the city next month to mark Berlin's 750th anniversary, and that has caused some qualms among U.S. officials about a precedent that could weaken American, British and French control over the western sectors of the divided city.

Friction is also possible in the arms-control field. Bonn regards the U.S. decision last year to halt voluntary compliance with restraints of the unratified Strategic Arms Limitation Agreement as a hindrance to hopes for an agreement on reducing intercontinental nuclear missiles.

And, while Bonn remains a loyal supporter of research into President Ronald Reagan's Strategic Defense Initiative, it has made no secret of its concern about the administration's move toward a "broad interpretation" of the 1972 Anti-Ballistic Missile Treaty as a prelude to American testing of space weaponry.

Perhaps the greatest of all West German concerns involves the paralysis that has beset the administration as the result of disclosures about arms sales to Iran and diversion of funds to Nicaraguan rebels. West German officials make no secret of their fear that a U.S. government forced into a defensive, inward-looking posture will be unable and unwilling to offer the leadership needed by the Atlantic alliance to test Mr. Gorbachev's calls for openness and reform of the Soviet system and to see whether it offers possibilities not only for arms control but for détente across a broad range of East-West issues.

JOHN M. GOSKOWSKI is a diplomatic correspondent for The Washington Post.



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Firms P To Grow U.S. Man... By Edward R...

Testing Market Strategies

Firms Push To Grow in U.S. Market

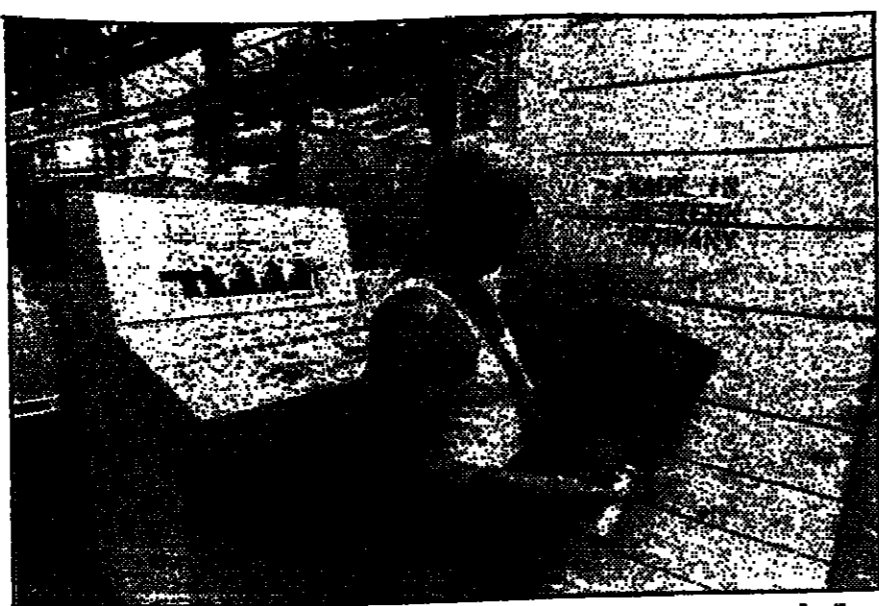
By Edward Roby

Bonn — Three years ago, when the dollar was soaring toward 10-year highs against the Deutsche mark, dozens of U.S. manufacturing companies simply abandoned the West German market as their exports became unprofitable.

Now, the tables have turned with a vengeance. The dollar has lost roughly half its value against the mark and the West German export boom has passed its peak. But there has been no such corresponding exodus of West German companies from the vast U.S. market.

Quite the contrary, West Germany's export-oriented industries are pushing ahead with expansion plans in the United States. In Mannheim, the Dinsldorf-based steel pipe and engineering company is currently shipping for a new U.S. acquisition to complete the five production facilities and numerous trading outlets it already has in the United States.

The typical U.S. company, to the extent that it pays heed to export potential at all, is likely to make its efforts in a foreign market contingent upon a swift return. Thus, 60 U.S. companies simply pulled out of West Germany in 1984, when they concluded that the high dollar had made their products too pricey, said John Brennan, chief of the Frankfurt-based American Chamber of Commerce in West Germany.



Packing up: Worker stamps Roland offset press for shipment.

merce, overtaking the United States last year in value of exports. And unlike the third-place Japanese, whose yen has risen in value against the dollar almost exactly in step with the mark, the West Germans have not had to cope with a sudden spate of business failures and job losses caused by stalled exports.

Japan has been hit harder because around 40 percent of its total exports go to the United States compared with only 10 percent for West Germany. And while U.S. sales slipped marginally last year to \$5.2 billion Deutsche marks (\$30.33 billion) from \$5.5 billion DM in 1985, the West Germans managed to shift some exports to the European Community, where France was already their largest customer.

West Germany achieved a 110 billion DM foreign trade surplus last year, but Hanns Christian Schroeder-Hohenwarth, president of the German Banking Federation, told reporters at his organization's annual March meeting in Bonn that this "will decline in both real and nominal terms this year."

Schmidt, deputy director of Industriekreditbank AG-Deutsche Industriebank, in an analysis of the West German-U.S. trade imbalance. Commenting on the flood of imports during the German Banking Federation meeting, Deutsche Bank Co-Chairman F. Wilhelm Christian said, "We have done exactly that which the Americans had demanded of us."

Even if West Germany were to artificially stimulate its economy, as the United States has suggested, this would have a negligible impact on the demand for U.S. export goods under the circumstances, Mr. Schmidt argued. Moreover, he said, U.S. protectionist barriers or self-imposed export restraints by U.S. trading partners would only frustrate domestic demand in the United States.

The figures on bilateral trade over the past five years show that West German exports to the United States climbed from 28.1 billion DM in 1982 to 55.2 billion DM last year. But imports from the United States remained little changed at around 28 billion DM.

Porsche Has Learned to Cope With Dollar

STUTTGART — Porsche AG is an extreme case of a West German company that depends on the U.S. market. It has learned to cope with currency fluctuations.

American sport car enthusiasts have been the main customers since the 1950s. Until the collapse of the Bretton Woods monetary agreement in the early 1970s, the dollar usually fetched close to 4 Deutsche marks, and exchange swings were scarcely a factor in marketing calculations.

Price may still be no object in the U.S. luxury market, but availability of other products has made the currency fluctuations of the past 10 years a competitive factor for Porsche.

During the 1950s, '60s and '70s, Porsche sold, on average, half of all its cars to Americans. Now, that figure has climbed to more than 60 percent.

"Naturally, the dollar rate is vitally important for us," said Manfred Jantke, a Porsche spokesman. "In the past years, we have earned plenty on exports." But since February 1985, when the dollar touched a high of 3.47 DM, the U.S. currency has lost close to half its value against the mark.

ive products during boom years and places its capacity at the disposal of other companies under contract when business is thin. The company still regards the United States as its biggest growth market. Domestic sales have retreated to around 15 percent of production and the rest is exported to Britain, France, Swit-

zerland and Japan. The company hopes to increase sales in Japan from 1,000 to 3,000 cars in the next three or four years, Mr. Jantke said.

Porsche's figures for the first half of this fiscal year further demonstrated the ravages of the dollar-mark rate and stagnating domestic demand. It said turn-

over sank 6 percent to 1.71 billion DM from the year-earlier 1.82 billion DM. Domestic deliveries declined 39 percent to 3,267 from 5,397. Foreign deliveries were up 5 percent to 22,002, raising the export quota to 87 percent.

Edward Roby

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INFOBASE '87 12.5.-14.5.1987
MICRO-COMPUTER '87 15.5.-23.5.1987
büro transparent '87 20.5.-23.5.1987
PRO-SALES 28.5.-29.5.1987
Dach + Wand 29.5.-31.5.1987
TECHNIFEST 2.6.-4.6.1987
POWER SUPPLY 24.6.-27.6.1987
Informations Frankfurt Messe 22.8.-26.8.1987
52. IAA 11.9.-20.9.1987
BAKO 4.10.-6.10.1987
Frankfurter Buchmesse 7.10.-12.10.1987
BROADCAST '87 14.10.-17.10.1987
public design 14.10.-17.10.1987
marketing-services 21.10.-24.10.1987
53. intermail 27.10.-29.10.1987
INTEC 4.11.-7.11.1987
Leben, Wohnen, Freizeit 14.11.-22.11.1987
Informations TOURISTICA FRANKFURT 14.11.-22.11.1987
AGRITECHNICA '87 24.11.-28.11.1987

Political Scene

W. Germans at Top Of Ecology Scale but Plagued by Acid Rain

West Germany is without a doubt the most environmentally politicized country in Europe.

By Thomas Netter

GENEVA — When the European Commission wrote to all EC members recently assessing compliance with its environmental regulations, West Germany came out as more obedient than Britain, Italy, Belgium, Greece and France, despite its reputation as the ecologically worst off in Western Europe.

But West Germany, hardest hit by the *Waldsterben*, or dying forest syndrome of acid rain, and a victim and perpetrator of pollution of the Rhine River, is at once an example of what is environmentally right and wrong in Europe during the European Community's "Year of the Environment," which began March 21.

Environmentalists say that now is a good time for Europe to take a comprehensive look at its environmental problems. By any standard, 1986 was a bad year, with the Chernobyl nuclear plant disaster, the fire in November at the Sandoz chemical plant in Basel, Switzerland, that badly polluted the Rhine, and, by all accounts, worsening acid rain damage throughout Europe.

Nowhere have these onslaughts against land, air and water been felt more acutely than in West Germany. The rapid expansion of industry, an obsession with heavily polluting, high-speed driving and a romantic notion linking national identity to forests, mountains and the mighty Rhine have made West Germany Europe's most environmentally conscious nation. It is also the main battlefield in the debate over nuclear power.

"West Germany is without a doubt the most environmentally politicized country in Europe, partly because the Greens political party has had such a success," said Adam Markham, director of Friends of the Earth in London. "The West German people put ecology very high on their agenda."

Mr. Markham and other ecologists attribute this to a number of factors.

Until recently, West Germany enjoyed the type of economic prosperity that virtually eliminated

unemployment as an issue, unlike Britain or Italy. In addition, he said, rapid post-World War II industrialization and economic recovery had ravaged the German landscape to the point where *Waldsterben* gained prominence as an issue years before it did in the rest of Europe.

"In Germany, the environmental groups tend to stress more emotion than figures," he said. "You find that most of them look at this issue in an emotive way. When people could see *Waldsterben* cutting into the German soul, the love of forests based on literature and history, it went right to the center of the national feeling."

It is this sort of consciousness that allowed West Germans fearful of radiation damage to let vegetables rot in food stalls long after the Chernobyl accident.

And it is a lack of this sense of environmental crisis that has so far generally muffled broad national concern over the environment in societies like France, where ecological disaster is still seen widely as someone else's problem.

"The problem of acid rain is for the moment specifically to the east of France," said Jean-Christophe Dumont of the World Wildlife Fund-France office in Paris. "The French public is really not so aware of the problem. They understand that something is happening, but they don't see it."

In West Germany, there is a feeling that the rest of Europe is only now beginning to match this sensitivity to the environment, giving the impression that West Germany's situation is far worse than it really is.

"Is Germany the worst in Europe?" mused Rosemarie Oswald, an official of the World Wildlife Fund-Germany in Frankfurt. "Maybe. But I think the problem is that other countries have only lately begun to recognize the problems they have."

STILL, environmentalists say West Germany as well has been slow in reacting adequately. Speed on the autobahns is still unlimited, spewing excessive nitrogen oxide from exhausts into the environment. And though the Greens gained seats during January's elections, Mr. Markham fears rising unemployment could diminish concern over the ecology at a time when such concern should be rising.

Groups like the World Wildlife Fund and Friends of the Earth hope that this "Year of the Environment" will help raise Europe's consciousness over environmental issues, especially because of what Miss Oswald describes as a sense of weariness or indifference to the issue that may be setting in.

"People really are very concerned," she said. "But it's always a problem that they can become easily overburdened with. Acid rain has not changed, but has gotten worse. Unfortunately, some people are fed up with the subject. It's very difficult to repeat this point again and again."

THOMAS NETTER is a journalist based in Geneva.

Political Postcard

"I remain Chancellor."
— Helmut Kohl, CDU



"A normal nation again."
— Franz Josef Strauss, CSU



"To grow you always need time."
— Joechka Fischer, Greens



"Not weapons in space, but bread for people."
— Johannes Rau, SPD



"Greatest foreign minister of all times."
— Hans-Dietrich Genscher, FDP

On Saturday, May 23rd
Come to Bad Homburg
(Outside Frankfurt), West Germany, for

*THE COUPE GORDON BENNETT

The vintage car event of the year, organized by the Automobilclub von Deutschland (AvD) and sponsored by the International Herald Tribune as part of its centennial celebrations.

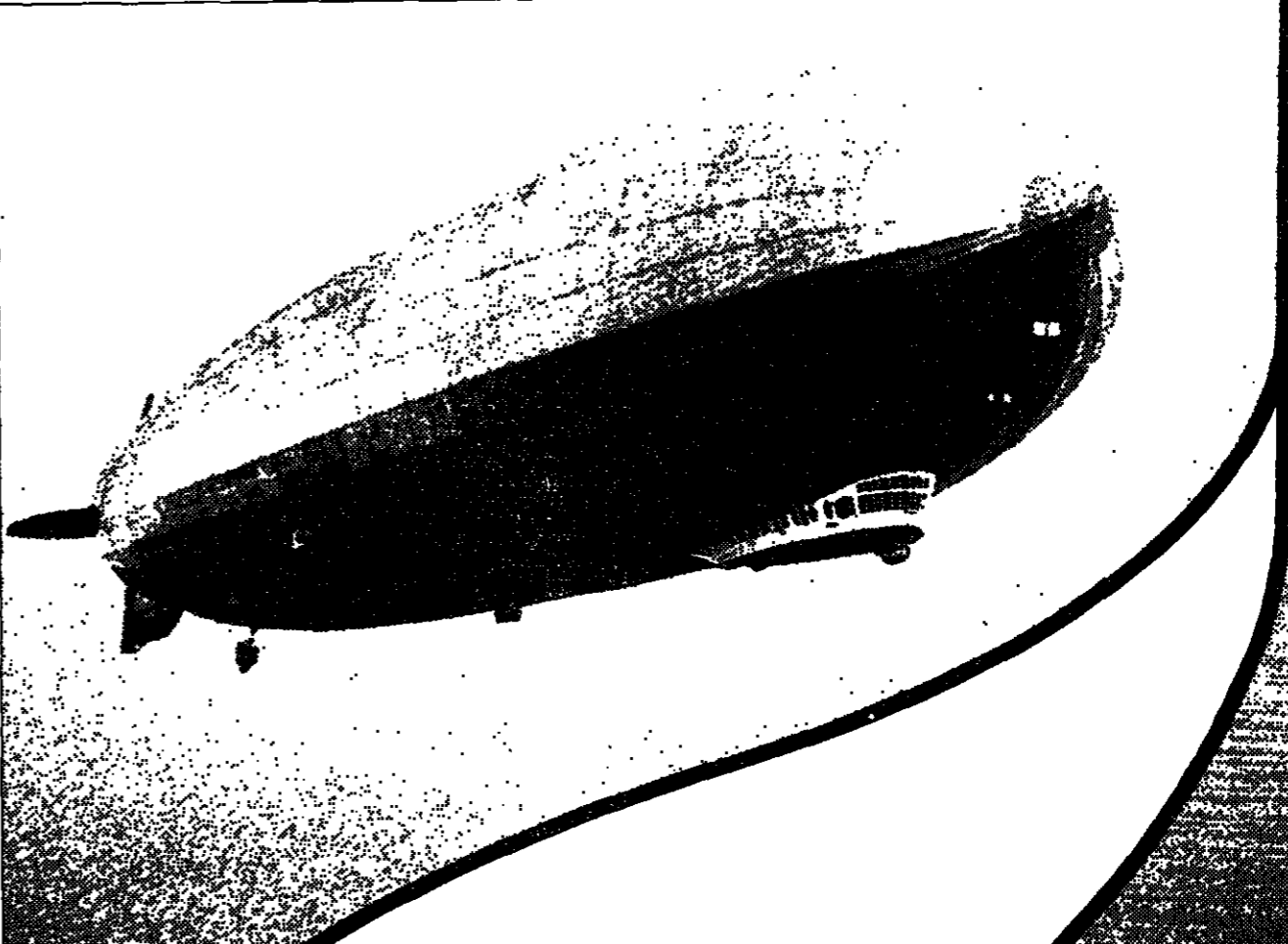
The rally will feature vintage cars from all over Europe and will be held over the same course, through the beautiful Taunus countryside, as the Gordon Bennett Cup race of 1904, when Kaiser Wilhelm II gave the official start before a crowd of one million enthusiastic fans.

It will be a memorable day. So, if you are within striking distance of Frankfurt, be sure to come and bring your family and friends. The official start will be at the Bad Homburg "Kurpark" at 9:00 a.m. and the finish will be in the afternoon between 2 and 5 p.m.

James Gordon Bennett, Jr., the eccentric millionaire publisher, founded the European edition of his New York Herald Tribune on October 4, 1887. He was a keen enthusiastic sportsman. He introduced polo to the United States; he won the first transatlantic yacht race; he was the founder of automobile racing and of balloon racing. The Gordon Bennett Cup, which he first offered in 1900 to encourage the infant automobile industry, was the direct precursor of today's international Grand Prix races and was the object of enormous popular enthusiasms at the time. The trophy, which was officially known as the "Coupe Internationale Automobile" in line with Bennett's policy of forbidding use of his own name in the pages of the Herald, today stands in the Automobile Club de France in Paris.



INTERNATIONAL Herald Tribune




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Business Battles

For Adidas, Puma, the Real Fight Is Abroad

By Vivian Lewis

HERZOGENAURACH — The sports shoe industry in West Germany used to be able to afford a few luxuries. But in the age of America's Reebok they may have to retrench.

Based in this quaint Bavarian village a few miles from Nuremberg are two world-class companies making sports shoes, Adidas and Puma. Both are controlled by rival branches of the same Dassler family from opposite sides of the Aurach River.

The family has kept a global feud going between Horst Dassler (Adidas) and his first cousin Armin and Gerd Dassler (Puma), after it had begun between their fathers, the brothers Adolf (Adi) and Rudolf Dassler, who did not speak to each other from 1948 (when Puma was set up) until they died.

Both companies managed to turn a product most people think should be cheap — sneakers — into a world business with high prices. They did this in spite of the strong mark and high German wages.

Several factors enabled Adidas and Puma to compete successfully all over the globe. Both companies specialized in creating shoes that gave the wearer an edge in practicing a sport, with high-tech innovations, above all in soles, and with an extraordinary proliferation of different shoes for different sports.

It would not do to wear marathon-running

shoes if one was running only 500 meters. Technical advances in weight-reduction and ventilation, cleat-fastening and arch and ankle supports were claimed by both houses.

To give their claims more weight, Adidas and Puma scoured Germany and the world to find stars to wear their products. Given the rivalry between the two clans, the signing of

Spain's Fernando Romey's size 22 basketball shoes, neither firm manufactures much in Bavaria. Europe accounts for only 20 percent of Puma's production, while Adidas lines are often made in conjunction with the Canadian-owned Bata Company, the world's largest maker of shoes, in developing countries.

Both firms have tried to become sports fash-

ioned up its lead by adding enough sales to bring it over \$1 billion, as well as more capacity in special sports shoes as well.

The Reebok phenomenon has had a ripple effect in Herzogenaaurach. Puma, which publicly issued its shares last July, a month later had to announce a major reshuffle in the U.S. market, whereby it bought out its formerly independent distributors. This year, its founding family had to pour in 62 million Deutsche marks (\$34.4 billion) in new capital with a subordinated loan. Even more, it has added an outsider, Vinzenz Grothgar, a former banker, to the managing board and has appointed him head of its new U.S. subsidiary in Framingham, Massachusetts. He is now supervisory board chairman.

The main reason for the move was the drop in Puma's U.S. sales from \$179 million in 1985 to \$100 million in 1986.

A shareholder suit is being brought against the firm and its lead underwriter, Deutsche Bank, for misrepresenting the state of its books at the issue.

Over at Adidas, things are probably not much more successful, but because it is a family concern, events are less public. It has laid off 450 workers in Germany and announced that while production under license had stagnated, its own-plant sales had grown by 6 percent to 3.2 billion DM worldwide. Total sales of its label amounted to 4.1 billion DM, level with 1985. It, too, was hurt in U.S.

Competitor Reebok is growing by leaps in the key U.S. market.

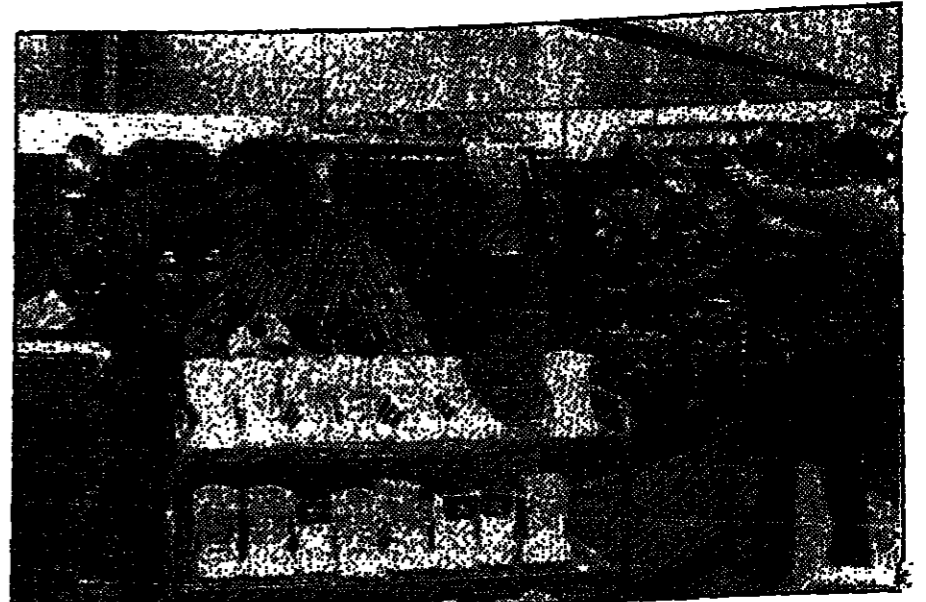
athletes was ruthless and remunerative, as was revealed in Toni Schumacher's recent book in which he told how he lost his job with Cologne's soccer club for wearing the wrong brand of shoes.

Adi Dassler was in the sports-shoe business first, starting in 1920, and created shoes with the famous striped sides starting in 1935, although the Adidas company was only established after the break with Rudolf in 1948.

Both firms manufacture worldwide, with production plants meeting their high quality-control standards in low-wage areas, notably Southeast Asia. Except for special orders like

ion houses by offering coordinated sports clothing, and, in the case of Puma, even sports cosmetics.

But Reebok, with headquarters in Canton, Massachusetts, is growing by leaps and bounds in the key U.S. market, centering its thrust on the West Coast where sports shoes are more popular. Reebok's tactic is playing down the high-tech sports angle and focusing on pure fashion. Reebok sales in 1986 topped \$919 million (compared to \$307 million in 1985) and its profits soared from \$39 million to \$132 million. With its recent takeover of Avia, another U.S. sports-shoe house, Reebok has



On the Adidas assembly line: Production reaches 280,000 pairs a day.

sales volume, which fell by 6.9 percent in dollars — and by even more in marks, Adidas, too, absorbed its formerly independent U.S. distributor.

Mr. Grothgar insists that what went wrong for Puma in the United States will not recur now that the firm no longer has independent wholesalers.

"They misinterpreted the 1986 trend in the shoe industry, as far as style, as far as price segments go," he said. "They ordered the

wrong kind of shoes in too large quantities." Over at Adidas, they predict a double-digit increase in U.S. sales in 1987.

Mr. Grothgar also insists that the Puma concern is financially viable and that it has no need of a capital injection by letting in partners like Reebok — or even Adidas.

"Our debt-to-equity ratio is a healthy one-to-one," he said. "Our net worth is 180 million DM on a balance sheet of 360 million DM. We could become overcapitalized."

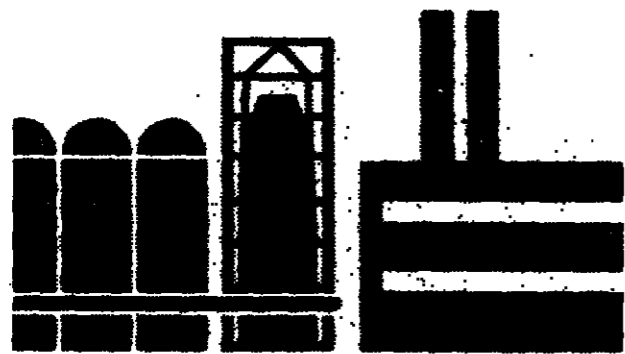
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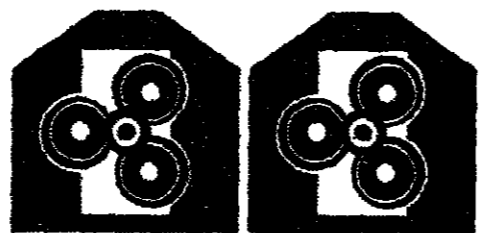
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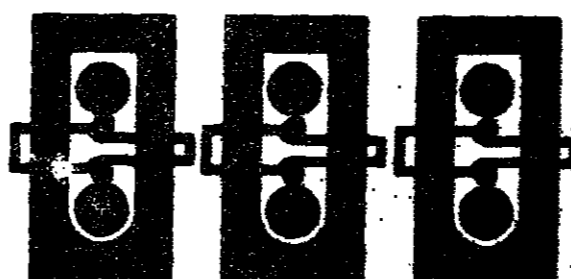
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Metallurgical Plant
Integrated plant, blast furnaces, steel mills, continuous casters, electrometallurgical plant.



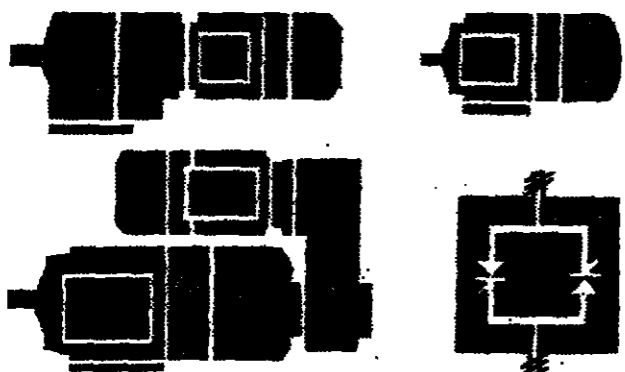
Pipe Making
Plant and machinery for the production of seamless and welded tubes and pipes. Hydraulic presses.



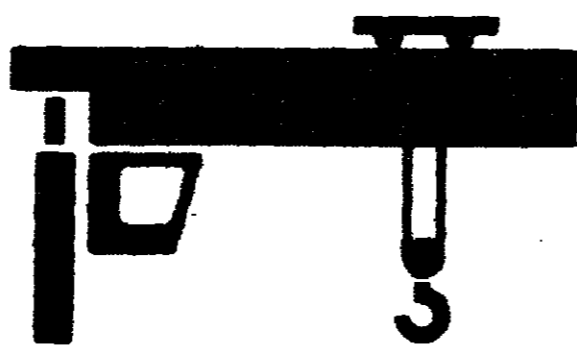
Rolling Mills
Rolling mills for beams, sections and wire rod; strip and sheet mills, strip processing lines.



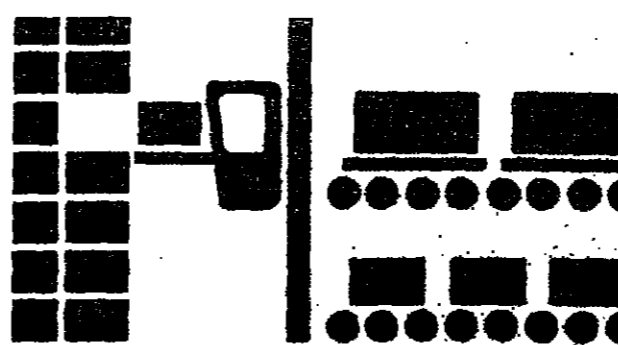
Process Compressors
Centrifugal compressors and positive displacement machines for air and technical gases.



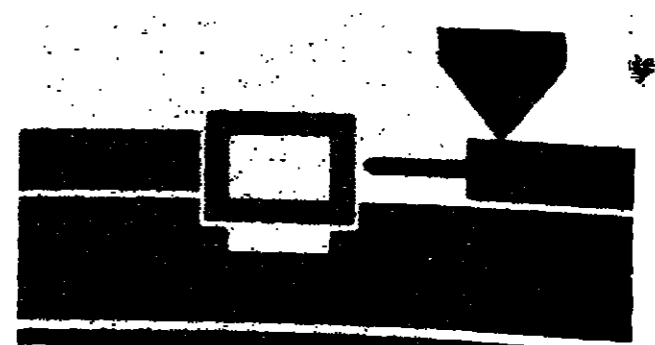
Industrial Drives
Electric drives, control systems.



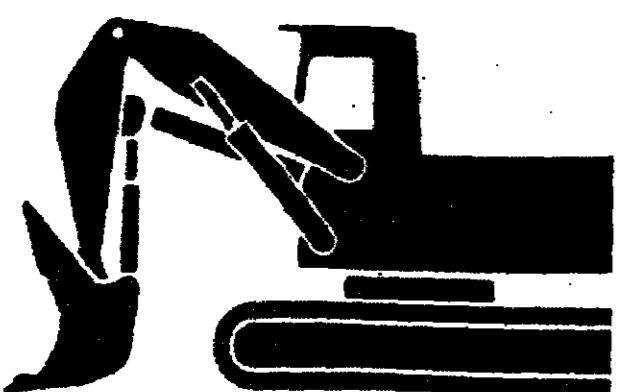
Cranes and Lifting Appliances
Serial lifting equipment, crane components, cranes, electric suspension track systems.



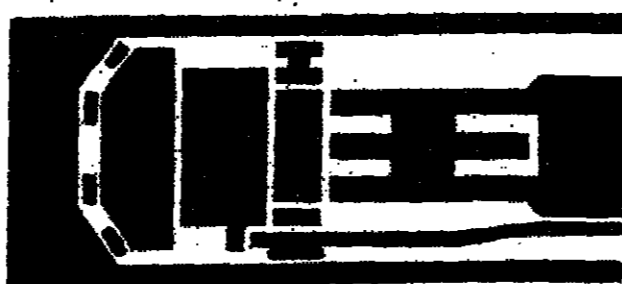
Systems Engineering
Warehouse engineering, warehousing systems, handling and distribution systems, integrated materials handling systems.



Plastics Machinery
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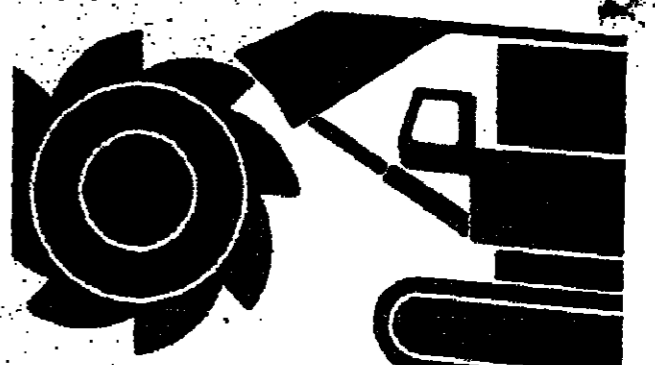
Construction Equipment
Hydraulic excavators up to 21 m³ bucket capacity, mobile cranes up to 1,600 t, road finishers up to 12.5 m paving width.



Mining Equipment
Shaft winding equipment, tunnelling machines, shaft drills, raise cutter heads, compressed air motors.



Pneumatic Systems
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Bulk Handling
Bucket wheel excavators, reclaimers and belt conveyor systems, container handling systems.

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Statistics Index. AMEX prices, Bond yields, NYSE prices, etc.

INTERNATIONAL STOCK MARKETS

End of the Brussels Boom May Be Near, Analysts Say

By PETER MAASS. International Herald Tribune. BRUSSELS — Nostalgia is a sentiment usually reserved for events in the distant past. But at the Belgian Bourse, a whiff of nostalgia floats in the air as investors brace for a prolonged boom to trail off.

"Economic fundamentals in Belgium are good but not that exciting."

MANY financial analysts also point to a drop in Belgian interest rates as another factor fueling the market. "Because the rates went down so much, the investors ran into shares," explained an analyst at Kredietbank, a top Belgian bank.

Inflation is low, the franc is strong, exports are healthy, but the government deficit remains high despite a rigorous austerity program adopted by the center-right coalition government of Prime Minister Wilfried Martens.

The linguistic dispute that almost toppled the government See BRUSSELS, Page 21

Currency Rates

Cross Rates table with columns for City, Bid, Ask, etc. for various currencies like Amsterdam, Brussels, Frankfurt, etc.

Interest Rates

Interest Rates table with columns for Currency, Term, Rate, etc. for Eurocurrency deposits, Key Money Rates, and Asian Dollar Deposits.

Murdoch To Buy Publisher

NEW YORK — Rupert Murdoch said Monday that he had agreed to acquire Harper & Row Publishers Inc., the prestigious 170-year-old book company, through a \$65-a-share bid totaling about \$284 million.

The bid represented a substantial premium over two previous offers, the highest of which was \$50 a share. Harper executives said they were pleased with the agreement and that Harper's board would recommend the offer to shareholders.

Among its current best-selling general interest titles are "The Search for Signs of Intelligent Life in the Universe" by Jane Wagner and "The Man who Mistook His Wife for a Hat" by Oliver Sacks.

Two days later, another publisher, Harcourt Brace Jovanovich Inc., proposed to buy Harper for \$50 a share, or about \$220 million.

Harper's board took no action on either offer at a March 13 meeting, but appointed a committee of three independent directors to explore the company's "strategic alternatives."

Is 'Coffee, Tea or Me' Coming Back?

Air Attendants Fear Economics Debasing Jobs

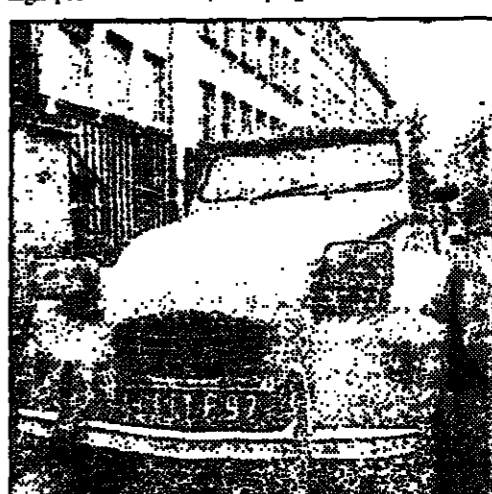
By Miriam Rozen. NEW YORK — Only days after American Airlines and the Association of Professional Flight Attendants opened contract talks last May, Pat Gibbs, the union president, and Ross Bonanno, a management executive, had a fight.



The airline says Ms. Gibbs threw coffee at Mr. Bonanno and then struck him. She says he called her names and walked into her, making her spill the coffee she was holding.

Citroën to Close 'Deux Chevaux' Plant in France

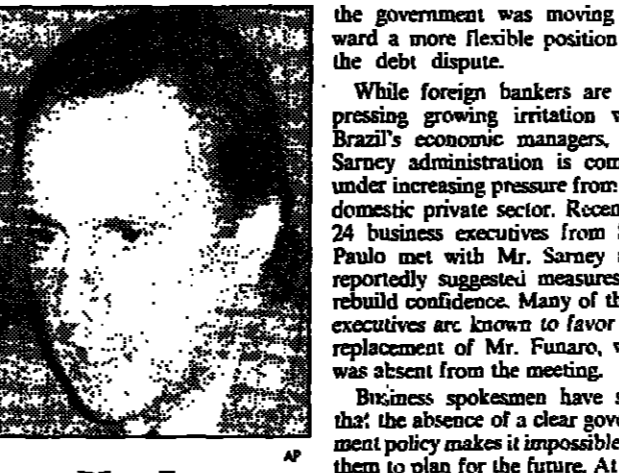
PARIS — Citroën, the French automobile maker, announced Monday that it would no longer produce its famed deux chevaux car in France. The car, introduced in 1949 as a two-horsepower model, became as symbolic of France as a pack of Gauloise cigarettes.



The decision was based on several factors: stricter pollution controls in Western Europe, high production costs, slumping sales in France and intense foreign competition at home and abroad.

Sarney Urged to Fire Finance Chief

By Alan Riding. RIO DE JANEIRO — A month after Brazil suspended interest payments on \$67 billion in foreign bank debt, leading bankers, businessmen and politicians here are pressing President José Sarney to replace his powerful finance minister, Dilson Fumaro.



Their main complaint is that Mr. Fumaro has failed to announce either a domestic stabilization program or a clear strategy to deal with the country's foreign creditors, which include several major American banks.

Even within the government, several ministers are said to be highly critical of Mr. Fumaro's recent performance. And some officials are arguing that it will be difficult to rebuild confidence in Brazil's economic policies until a new finance minister is named.

Under terms of the agreement, Harper would be merged with Harper Acquisition Inc., a subsidiary of News America Holdings Inc., which in turn is the principal U.S. subsidiary of News Corp.

FIDELITY INTERNATIONAL FUND

Dividend Notice. At the Annual General Meeting held on March 19, 1987 the shareholders decided to pay a dividend of US\$0.05 (five cents) per share, payable on or after April 1, 1987 to shareholders of record on March 20, 1987 and to holders of bearer shares upon presentation of coupon n° 1.

Advertisement for Audemars Piguet Perpetual Calendar watch, featuring the watch image and the slogan 'NOTHING CAN EQUAL THE ORIGINAL'.

Advertisement for Rudolf Wolff Futures Fund Ltd. and Elders Futures Fund Ltd., highlighting net returns of 92.8% from January 1986 to February 1987.

Monday's NYSE Closing

Tables include the notional prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued)

Table of NYSE stock prices including columns for 12 Month High/Low, Div. Yld. PE, and various stock symbols like AMR, BAC, C, etc.

Table of international stock prices with columns for 12 Month High/Low, Div. Yld. PE, and various international stock symbols.

Table of international stock prices (continued) with columns for 12 Month High/Low, Div. Yld. PE, and various international stock symbols.

U.S. Futures

Via The Associated Press

March 30

Grains

Table of grain futures prices including Wheat (CBT), Corn (CBT), and Soybeans (CBT).

Metals

Table of metal futures prices including Copper (COMEX), Aluminum (COMEX), and Silver (COMEX).

Livestock

Table of livestock futures prices including Cattle (CME) and Hogs (CME).

Currency Options

Table of currency option prices for various international currencies.

Financial

Table of financial futures prices including U.S. Treasury (CBT) and U.S. Treasury Bonds (CBT).

Paris Commodities

Table of Paris commodity prices including various agricultural products.

S&P 100 Index Options

Table of S&P 100 index option prices.

London Commodities

Table of London commodity prices including various goods.

Spot Commodities

Table of spot commodity prices including various raw materials.

Indian Customs Officials Find Gold Mine in Jeans

NEW DELHI — Customs officials on Saturday seized 14 pairs of jeans with gold zippers sewed into them in thwarting an attempt to smuggle gold into the country through Bombay airport, the United News of India reported.

Dividends

Table of dividend payments for various companies.

Asian Commodities

Table of Asian commodity prices including various goods from the region.

Food

Table of food futures prices including Coffee (NYMEX) and Cocoa (NYMEX).

Foreign Exchange

Table of foreign exchange rates for various currencies.

Metals

Table of metal futures prices (continued) including Copper and Aluminum.

Livestock

Table of livestock futures prices (continued) including Cattle and Hogs.

Currency Options

Table of currency option prices (continued).

Financial

Table of financial futures prices (continued).

Paris Commodities

Table of Paris commodity prices (continued).

S&P 100 Index Options

Table of S&P 100 index option prices (continued).

London Commodities

Table of London commodity prices (continued).

Spot Commodities

Table of spot commodity prices (continued).

Indian Customs Officials Find Gold Mine in Jeans

NEW DELHI — Customs officials on Saturday seized 14 pairs of jeans with gold zippers sewed into them in thwarting an attempt to smuggle gold into the country through Bombay airport, the United News of India reported.

Dividends

Table of dividend payments (continued).

Asian Commodities

Table of Asian commodity prices (continued).

Stock Indexes

Table of stock index values including S&P 500 and NYSE.

Commodity Indexes

Table of commodity index values including various raw material indices.

Market Guide

Table of market guide information including various market indicators.

Company Results

Table of company financial results including revenue and profit data.

International Manager

BY SHERRY BUCHANAN. IN THE IHT EVERY WEDNESDAY. ESSENTIAL READING FOR EXECUTIVES WORKING IN THE INTERNATIONAL MARKETPLACE

NYSE High-Lows

Table of NYSE high and low prices for various stocks.

Company Results

Table of company financial results (continued).

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BY SHERRY BUCHANAN. IN THE IHT EVERY WEDNESDAY. ESSENTIAL READING FOR EXECUTIVES WORKING IN THE INTERNATIONAL MARKETPLACE

NYSE High-Lows

Table of NYSE high and low prices (continued).

Company Results

Table of company financial results (continued).

International Manager

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NYSE High-Lows

Table of NYSE high and low prices (continued).

Company Results

Table of company financial results (continued).

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BOSTON — International Business Machines Corp. is widely expected to shake up the personal computer industry on Thursday when it presents a new generation of desktop models. The four new computers, likely to be called the Personal System 2 family, seem sure to veer away from the standards for personal computers first set by IBM six years ago.

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BUSINESS ROUNDUP

Swedish Match Will Buy Wilkinson

By Juris Kaza
Special to the Herald Tribune
STOCKHOLM — Swedish Match AB, the world's leading maker of matches, said Monday that it would buy Wilkinson Sword Group Ltd., second-largest in the field, from Allegheny International Inc.

"Starting in 1988, we will get a positive effect on earnings, that is, a net after the cost of the acquisition," Mr. Larsson said.

Allegheny International, based in Pittsburgh, announced on March 9 that it was being purchased by an affiliate of First Boston Corp. in a \$500 million leveraged buyout.

Allegheny, a maker of consumer and industrial products that reported a \$166 million loss for the fourth quarter of 1986, said it would now concentrate on the North American market and had signed letters of intent to sell Wilkinson Sword and its Pacific appliance group.

Mr. Larsson, the Swedish Match executive, said that through Wilkinson, Swedish Match would acquire a leading position in Brazil, a big market for matches.

Mr. Larsson explained that developing countries were the fastest growing market for household matches, with matches used not only for smoking and but also for lighting household fires.

The acquisition will also establish Swedish Match in Australia, Canada, Ireland and New Zealand as a major manufacturer of matches, the company said.

In addition to the match business, Mr. Larsson said Swedish Match would acquire an important market position in shaving products. Wilkinson Sword makes the razor blades of the same name; the corporate name is derived from a British enterprise that once actually made swords.

Mr. Larsson also noted that the acquisition of Wilkinson Sword included a South African match subsidiary that Swedish Match intended to sell as soon as it was economically feasible.

Wallenberg Foundation Raises Stake in Ericsson

STOCKHOLM — Sweden's Wallenberg group said Monday it had raised its holding in L.M. Ericsson, the telecommunications and data processing group, to 37.5 percent of the voting rights from 28.9 percent.

The move, by the Knut and Alice Wallenberg Foundation, further consolidated control over one of its key firms, analysts said. The foundation now controls 14.1 percent of Ericsson's voting rights with 22.3 percent held by the group's investment companies.

Mannesmann Moves to Control Fichtel & Sachs

DUSSELDORF — Mannesmann AG has reached a series of agreements giving it an indirect majority stake in Fichtel & Sachs AG, a car parts group, Mannesmann said Monday.

The takeover is contingent on approval from the Federal Cartel Office, a Mannesmann spokesman said.

The steel and pipe-making concern is buying 75 percent of the holding company that owns 57.5 percent of Sachs AG, which in turn holds 96.5 percent of Fichtel & Sachs. Mannesmann is also buying a 25.01 percent interest in Fichtel & Sachs from Commerzbank AG and has an option to buy the bank's remaining 10 percent stake, the company said.

In addition, Mannesmann is talking with the state-owned steel group Salzgitter AG on buying its 24.98 percent stake in Fichtel & Sachs. That would give Mannesmann more than 75 percent of Fichtel & Sachs.

The parts company has annual sales of 2.2 billion Deutsche marks (\$1.21 billion).

Suit Calls BP Bid for Standard 'Inadequate'

By Lee A. Daniels
New York Times Service
NEW YORK — Is the "intrinsic value" of the Standard Oil Co. "materially in excess" of \$70 a share? That is one of the questions raised in a suit contending that a buyout offer by the British Petroleum Co. is "so grossly inadequate and unfair as to constitute a fraud."

Several oil analysts said BP's offer was a good one and they viewed the suit as a routine effort by some shareholders to wring a few more dollars out of a bidder.

Thomas S. Tracey, of John S. Herold Inc., an oil appraisal firm, called the offer "a fair one by our appraisal results."

Mr. Tracey has valued Standard at \$45.30 a share. Other analysts put the company's value as high as \$60 a share.

Frederick P. Leuffer Jr., senior oil analyst at Cyrus J. Lawrence Inc., said that the BP offer was well above most of the other offers made for major integrated oil companies during the 1980s.

The shareholders' suit contends that the BP bid was the culmination of a "preconceived plan" set in motion last year during the abrupt dismissal of Standard Oil's chief officers.

Frank P. Kneutzel, of Prudential-Bache Securities Inc., said that Standard Oil's stock, which closed at midday on Monday at \$70.50, had risen nearly 60 percent since BP took a more active role. That means, he said, that institutional and individual stockholders were less likely to challenge BP's bid.

BP needs approval from owners of 80 percent of the remaining shares to be able to force all shareholders to accept its terms.

price declines for petrochemical products, BASF said.

The fall in pretax profit corresponded to the losses on stocks in the oil and gas sector at the beginning of 1986, BASF said.

In the parent company, BASF said, pretax profit rose by 3.1 percent to 1.97 billion DM.

Parent company sales fell 8.5 percent to 18.72 billion DM, but BASF said this decline was balanced out by increased capacity use and price declines in raw materials.

The group said it expected business to be satisfactory over the coming months. "At the moment we do not expect any extraordinary influences such as there were last year," it said. Orders in hand and new orders were steady at a high level, BASF said.

Woolworth Bids \$244 Million for Superdrug Stores

LONDON — Woolworth Holdings PLC said Monday that it would make a £244 million (\$392 million) bid for Superdrug Stores PLC.

The offer would be made on the basis of 17 new Woolworth ordinary shares for every 20 Superdrug shares outstanding, equivalent to 696 pence for each Superdrug share.

Woolworth said it had received acceptances from the holders of 61 percent of Superdrug shares.

The bid is Woolworth's second attempt in recent months to acquire a retail drugstore chain. Earlier this year, it negotiated a possible bid for Underwoods PLC, but the talks were broken off two weeks ago.

Full acceptance of the offer would involve the issue of about 29.8 million new Woolworth shares, or 14 percent of the enlarged share capital. A cash alternative would offer 646 pence for each Superdrug share.

Japan Railways to Begin Conversion to Private Ownership

Agence France-Press
TOKYO — Japanese National Railways on Tuesday will begin the complex process of converting the 115-year-old debt-ridden network to private ownership.

Six private regional railways — three on the main island of Honshu and one each on the remaining large islands — will take over the passenger service on their share of the country's 20,000 kilometers (12,500 miles) of track.

The high-speed "bullet train" services will be leased to the private by a seventh company.

Freight services, data transfer, telecommunications and technological research will be handled by independent private companies.

The Japanese National Railways Liquidation Corp. will oversee the transfers and will be responsible for discharging a large part of its debts and selling its capital assets.

The new private enterprises will operate under a new name, the Japan Railways Group, and will be overseen by the government for an undetermined period of time.

The private owners will face a formidable challenge in justifying the government's decision to denationalize the rail network by getting it out of the red. Japan National Railway's long-term debts stand at about 37.5 trillion yen (\$250 billion dollars).

The new railway companies will share 11.6 trillion yen of this debt burden. Land and share sales by the new companies and the bullet train lease will account for another 11.2 trillion yen, according to government figures.

That leaves the Japanese taxpayer faced with paying the bill for the remaining 14.7 trillion yen.

Japan National Railway's blue-collar unions, which face the loss of 61,000 jobs under denationalization, blame the government for mismanaging the railroad and sending it deeply into the red.

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OBLI-FRANC
Société d'investissement à capital variable
Avis aux Actionnaires Convocation
Nous vous prions de bien vouloir assister à l'assemblée générale ordinaire de OBLI-FRANC, société d'investissement à capital variable, qui sera tenue au siège social, 10a, boulevard Royal, Luxembourg.

Have all the advantages of a bank account in LUXEMBOURG, without actually being there.
To discover the advantages of banking in Luxembourg with BCC, all you have to do is to simply mail the attached coupon. We will promptly despatch to you by airmail our booklet containing detailed information about banking in Luxembourg.

Arbed's Earnings Fell 21% in 1986
LUXEMBOURG — Arbed SA said Monday that profit for 1986 fell 21 percent to 890 million Luxembourg francs (\$23.6 million) from 1985, on an 11 percent drop in revenue to 57.8 billion francs.

We are pleased to announce that our firm has been elected a member of the London Stock Exchange and will provide multi-currency clearing and international settlement services
Pershing Keen & Co. Limited
Basildon House, 7-11 Moorgate London EC2R 6AH (01) 600 9100
March 31, 1987

IN OUR LOTTERY IT'S YOU WHO GETS THE MILLIONS!

NOT THE AGENTS.
The world famous SOUTH GERMAN STATE LOTTERY (Süddeutsche Klassenlotterie) is a lottery you can really trust! Why? Because everything is government controlled: The draws! The amazing chances! The total prize money paid out! The rules! And last but not least — the agents' commission!

DAF TRUCKS
12,010 shares representing 14.06% of the outstanding share capital of Van Doorne's Bedrijfswagenfabriek DAF B.V. (DAF TRUCKS)
previously held by Navistar International Corporation
under arrangement with Stichting Administratiekantoor G.D.D.
have been placed with a group of investors in the Netherlands
The undersigned acted as financial advisor to the transaction
AMSTERDAM-ROTTERDAM BANK N.V.
March 1987

Monday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
Via The Associated Press

Table A

12 Month High	Low	Stock	Div. Yld.	% PE	52 Weeks High	Low	Close	Chg.
14 3/4	14 1/2	ACI	6.0	14.0	14 3/4	14 1/2	14 1/2	-
15 1/2	15 1/2	AG	6.0	14.0	15 1/2	15 1/2	15 1/2	-
16 1/2	16 1/2	AMC	6.0	14.0	16 1/2	16 1/2	16 1/2	-
17 1/2	17 1/2	ARC	6.0	14.0	17 1/2	17 1/2	17 1/2	-
18 1/2	18 1/2	AT&T	6.0	14.0	18 1/2	18 1/2	18 1/2	-
19 1/2	19 1/2	ADM	6.0	14.0	19 1/2	19 1/2	19 1/2	-
20 1/2	20 1/2	ADRI	6.0	14.0	20 1/2	20 1/2	20 1/2	-
21 1/2	21 1/2	AMBA	6.0	14.0	21 1/2	21 1/2	21 1/2	-
22 1/2	22 1/2	AMC	6.0	14.0	22 1/2	22 1/2	22 1/2	-
23 1/2	23 1/2	AMT	6.0	14.0	23 1/2	23 1/2	23 1/2	-
24 1/2	24 1/2	AMP	6.0	14.0	24 1/2	24 1/2	24 1/2	-
25 1/2	25 1/2	AMT	6.0	14.0	25 1/2	25 1/2	25 1/2	-
26 1/2	26 1/2	AMT	6.0	14.0	26 1/2	26 1/2	26 1/2	-
27 1/2	27 1/2	AMT	6.0	14.0	27 1/2	27 1/2	27 1/2	-
28 1/2	28 1/2	AMT	6.0	14.0	28 1/2	28 1/2	28 1/2	-
29 1/2	29 1/2	AMT	6.0	14.0	29 1/2	29 1/2	29 1/2	-
30 1/2	30 1/2	AMT	6.0	14.0	30 1/2	30 1/2	30 1/2	-

... [Additional tables B through V following similar format] ...

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 30 March 1987

Net asset value quotations are supplied by the Funds listed with the exception of some quotes on issue price. The marginal symbol indicates frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - quarterly; (i) - irregularly.

Table 1: ALM MANAGEMENT

Fund Name	NAV
ALM Global Growth	\$21.99
ALM Euro Growth	\$21.99
ALM Pacific Growth	\$21.99
ALM Japan Growth	\$21.99
ALM Asia Growth	\$21.99

Table 2: S&P TRUST (S&P FUND) LTD.

Fund Name	NAV
STC International	\$21.99
STC Global	\$21.99
STC Euro	\$21.99
STC Pacific	\$21.99
STC Japan	\$21.99

... [Additional fund tables and descriptions] ...

AMEX High-Lows

Stock	High	Low
IBM	140 1/2	139 3/4
Apple	28 1/2	27 3/4
Microsoft	120 1/2	118 3/4
Oracle	55 1/2	54 3/4
Sun	45 1/2	44 3/4

... [Additional high-low data] ...

Floating-Rate Notes

Issuer/Rate	Current Rate	Old Rate
Alaska Finance Corp. 6 1/2%	6 1/2%	6 1/2%
Alberta 6 1/2%	6 1/2%	6 1/2%
American Express 6 1/2%	6 1/2%	6 1/2%
Bank of Montreal 6 1/2%	6 1/2%	6 1/2%
Bank of the West 6 1/2%	6 1/2%	6 1/2%
Bank of America 6 1/2%	6 1/2%	6 1/2%

... [Additional floating rate notes] ...

FOREIGN & COLONIAL RESERVE ASSET FUNDS

Fund	NAV
U.S. Dollar Cash	\$102.25
Multi-Currency Cash	\$102.25
Deutsche Mark	\$102.25
Japanese Yen	\$102.25
Sterling	\$102.25

... [Additional fund data] ...

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CURRENCY MARKETS

DOLLAR: Plunges Below 145 Yen to Postwar Low

(Continued from Page 1)

London Dollar Rates
Cable 1.860 1.828
Deutsche mark 1.470 1.428
Swiss franc 1.430 1.428
French franc 1.585 1.580
Source: Reuters

London Dollar Rates

That reaction, dealers said, came Sunday when Tokyo newspapers said that the government planned to buy several U.S. supercomputers...

JAPAN: Resentment of U.S.

(Continued from Page 1)

And Mr. Nakazawa cited an American study that estimated that eliminating all barriers to the Japanese market would increase U.S. exports to Japan by between \$5 billion and \$8 billion...

TRADE: For Many in U.S., Japan Presents Textbook Case of Unfair Practices

(Continued from Page 1)

And penetration of the Japanese market by U.S. goods has not increased despite repeated "action plans" of the Japanese government aimed at buying more from abroad...

BRUSSELS: End of the Boom?

(Continued from first finance page)

remains unresolved, so investors are still a bit jittery. "Political events may exercise a decisive factor" on the market's 1987 performance...

U.S. Home Sales Fell in February

The Associated Press

WASHINGTON — Sales of new homes fell for the second consecutive month in February, declining by 2.7 percent, the government reported Monday.

FLIGHT: Attendants Fear Economics May Resurrect 'Coffee, Tea or Me' Era

(Continued from first finance page)

mists say, there is unlikely to be much of a gravy train for any airline employee any longer. Of course, not all flight attendants are looking for a career. For some, the job represents a free ticket to exotic places...

'Management never really bought into the idea of this job being a career.'

Susan Bianchi Sand

by women may be the pioneers of the labor movement of the 1980s. Right now, the airline unions are most upset about the inflow of young workers that, they say, has made management believe it can, with impunity, hold salaries low...

Monday's OTC Prices

NASDAQ prices as of 3 p.m. New York time. Via The Associated Press.

Table with columns for stock symbols, prices, and changes. Includes sections for A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

U.S. Home Sales Fell in February

The Associated Press

Table with columns for stock symbols, prices, and changes. Includes sections for A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

FLIGHT: Attendants Fear Economics May Resurrect 'Coffee, Tea or Me' Era

(Continued from first finance page)

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FLIGHT: Attendants Fear Economics May Resurrect 'Coffee, Tea or Me' Era

(Continued from first finance page)

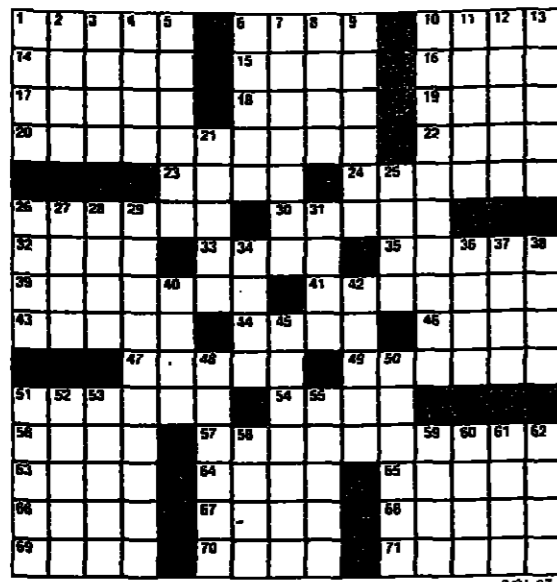
Table with columns for stock symbols, prices, and changes. Includes sections for A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

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you get rid of that barrier, then you have got five more. And it is just trading water. The trade battles with Tokyo used to be fought over baseball bats, vitamin E cream, beef, citrus, rice, leather, tobacco and other consumer products excluded by rigid quotas or more ingeniously conceived barriers. Now the conflicts involve semi-conductors, supercomputers and telecommunications. The reason for the deepening resentment in the U.S. government and in business is that these industries, representing the cutting edge of American technology, are directly challenged by their inability to penetrate the Japanese market.



ACROSS

1 Checks
8 Johnny from Ark.
10 Heavy, unmusical clang
14 One more time
15 Ancient Greek city
16 Soon
17 Grayish-white mineral
18 Family
19 Actor Holiday
20 At close quarters
22 Noun suffix
24 Ignored
26 Returned pad
28 Actress
32 — breve
33 Extinct bird
35 Apportion equally
39 One with a powerful voice
41 Feral
43 Cowboy's "Hello!"
44 "Coma" — used?
46 Number of inches in a span
47 Type of potato
49 Abrupt
51 South American plains

DOWN

1 Maine port
2 Taj Mahal's site
3 TOWN NE of Paris
4 category
5 Scythia part
6 Hide
7 Calmed
8 Connery or O'Casey
9 "Alcina" composer
10 Assume responsibility for
11 Upright
12 — word

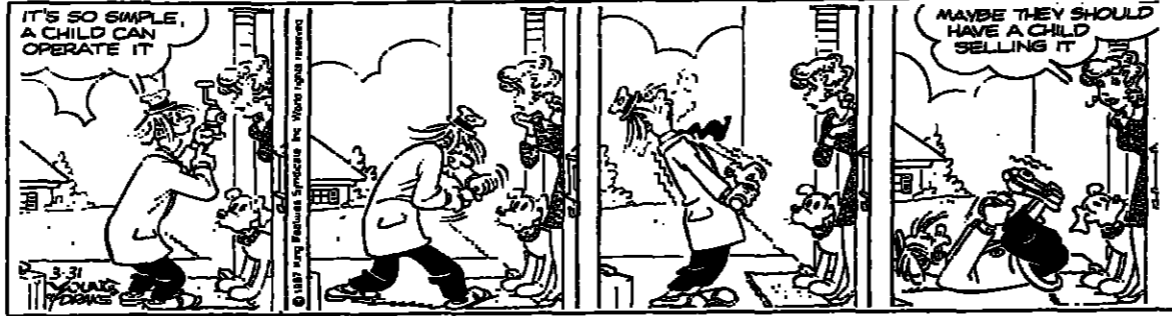
13 What believers fall on
21 Excel
25 " — we forget
26 Cucumber
27 Clef or horn precursor
28 Skein
29 Closely associated
31 Boor
34 Some natural resources
37 During
37 Descartes or City
38 British statesman
42 Like the sound of French vowels
45 Norma or Moira
48 Line on a weather map
50 Let go
51 Reluctant
52 Santa (fr. of Calif.)
53 Affect
55 Andes animal
58 Zola novel
59 Mimic
60 — Valley, Calif.
61 Type of race
62 Embattled city in July 1944

© New York Times, edited by Eugene Malachuk.

PEANUTS



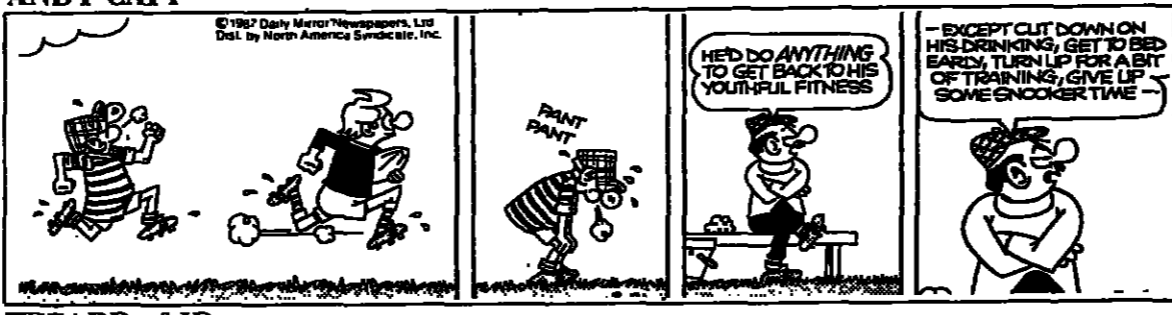
BLONDIE



BEEBLE BAILEY



ANDY CAPP



WIZARD of ID



DENNIS THE MENACE



"I THINK SHE'S WHAT THEY CALL A UNWED MOTHER."

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

AUZER

PAWMS

FUALED

YAPNOC

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Yesterday's Jumble: BLOOD SHAKY GAVORT GLOOMY

WEATHER

Table with weather forecasts for Europe, Asia, Africa, Latin America, North America, Middle East, and Oceania.

TUESDAY'S FORECAST - CHANNEL: Rough, FRANKFURT: Partly cloudy...

REX MORGAN



GARFIELD



World Stock Markets

Table with stock market data for various countries including Amsterdam, London, Hong Kong, Frankfurt, Zurich, and Tokyo.

BOOKS

MANHATTAN '45

By Jan Morris. Illustrated. 273 pages. \$17.95. Oxford University Press, 200 Madison Avenue, New York, N. Y. 10016.

Reviewed by Michiko Kakutani

MANHATTAN in the year 1945: One sees the city in grainy black-and-white photographs, a city of elegant spires and skyscrapers...

It's a wonderful idea for a book — a retrospective look at New York. And while the year 1945 seems, at first, a little arbitrary...

Solution to Previous Puzzle

A crossword puzzle solution grid with words filled in.

ture of innocence and sophistication, romance and formality, generosity and self-amusement...

There are moments in "Manhattan '45" when the author's frenetic prose and unadorned nostalgia for old New York result in a sentimental whitewashing of reality...

Morris has a gift for capturing the mood, the feel, the specific emotional gravity of a particular place...

We learn, for instance, that zoning laws decreasing that "buildings above a certain height must recede from the street..."

She leaves us with various mental images of New York: New York "the town of all towns," the new world capital of commerce and art...

Michiko Kakutani is on the staff of The New York Times.

By Robert Byrne

THE 62d running of the Hastings International Tournament in England saw four grandmasters tie for first place...

Larsen tried to contest the initiative with 21... P-B5, seeing that on 22 P-K3, P-R3; 23 N-K1, B-K3; 24 N-K3, he could advance with 25... R-Q4; because 25... QxP; R-N2 costs White a bishop...

On 8 P-K3, supposedly safest for Black is the recapture with 8... N-K3, which led, after 9 N-B3, B-B3; 10 Q-B1, P-QN3; 11 N-K1, P-N3; 12 P-Q4, N-K3; 13 N-K1, R-K1; 14 Q-B2, B-R3; 15 KR-K1, R-K1; 16 QxP, R-K3; 17 P-K3, R-K3; 18 Q-B2, B-R3; 19 KR-K1, R-K1; 20 QxP, R-K3; 21 P-K3, R-K3; 22 P-Q4, N-K3; 23 N-K1, B-K3; 24 N-K3, he could advance with 25... R-Q4; because 25... QxP; R-N2 costs White a bishop...

Larsen's 29 P-B6 threatened 30... N-N5 by 14 N-B6th, not only 30 QxP, but also 30 N-BXN; 15 Q-N1, which enabled Larsen to defend with 29... QxP was shattered by 30...

CHESS

Just as soon as Large had arranged for comfortable protection of his center with 19... Q-R1, Larsen shifted the scene of battle to the king side with 20 P-KR4, P-R3; 21 Q-B5!

Larsen's 29 P-B6 threatened 30... N-N5 by 14 N-B6th, not only 30 QxP, but also 30 N-BXN; 15 Q-N1, which enabled Larsen to defend with 29... QxP was shattered by 30...

White force mate with 31 R-Q8ch.

After 30... R-B1, Larsen landed an annihilating BxP with 32 R/1-Q7! Because there was no rook against 33 RxBp, BxR; 34 Q-B7ch followed by mate, Large gave up.

Chess board diagram showing a position after 28... Q-B1.

RETIROING

Table with financial data, including stock prices and exchange rates for various countries.

World Stock Markets

